

CO-OPERATION

*WHAT IT MEANS AND
HOW IT WORKS*

by

MARGARET DIGBY

With a Foreword by

SIR MALCOLM DARLING, K.C.I.E.

*Illustrated with
Drawings
by the Author*

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FOREWORD

I WAS asked recently by the Governor of an Indian province where he could find an account of the Co-operative movement short enough for a busy official to read. Here is the answer, and the story is told by Miss Margaret Digby, primarily for the benefit of administrator and student in Africa, in clear simple terms and is charmingly illustrated by her gifted pen. With her wide knowledge of the movement, much of it gained by personal enquiry in different countries, Miss Digby is well qualified to write about Co-operation.

The movement is of European origin, but in one form or another Co-operation is to be found wherever men live together in small isolated communities and require each other's assistance to satisfy their needs. These indigenous forms, often dateless in their origin, provide a good starting point for development when the primitive comes into contact with the modern; and in the modern world peasant and craftsman will find no sure footing or adequate living without some form of Co-operation. The experience of Europe leaves this in no doubt, and experience in Asia, notably in India, points unmistakably in the same direction. It is hardly likely to be otherwise in Africa, where a tribal world finds itself suddenly face to face with a totally different economy. There is danger in this—how great Asia shows. Had the co-operative movement started in India fifty years earlier, the disintegration of the village community might well have been arrested and the peasant to-day much better equipped for the responsibilities of self-government. It is not the least important service of Co-operation that it furnishes a sound foundation for

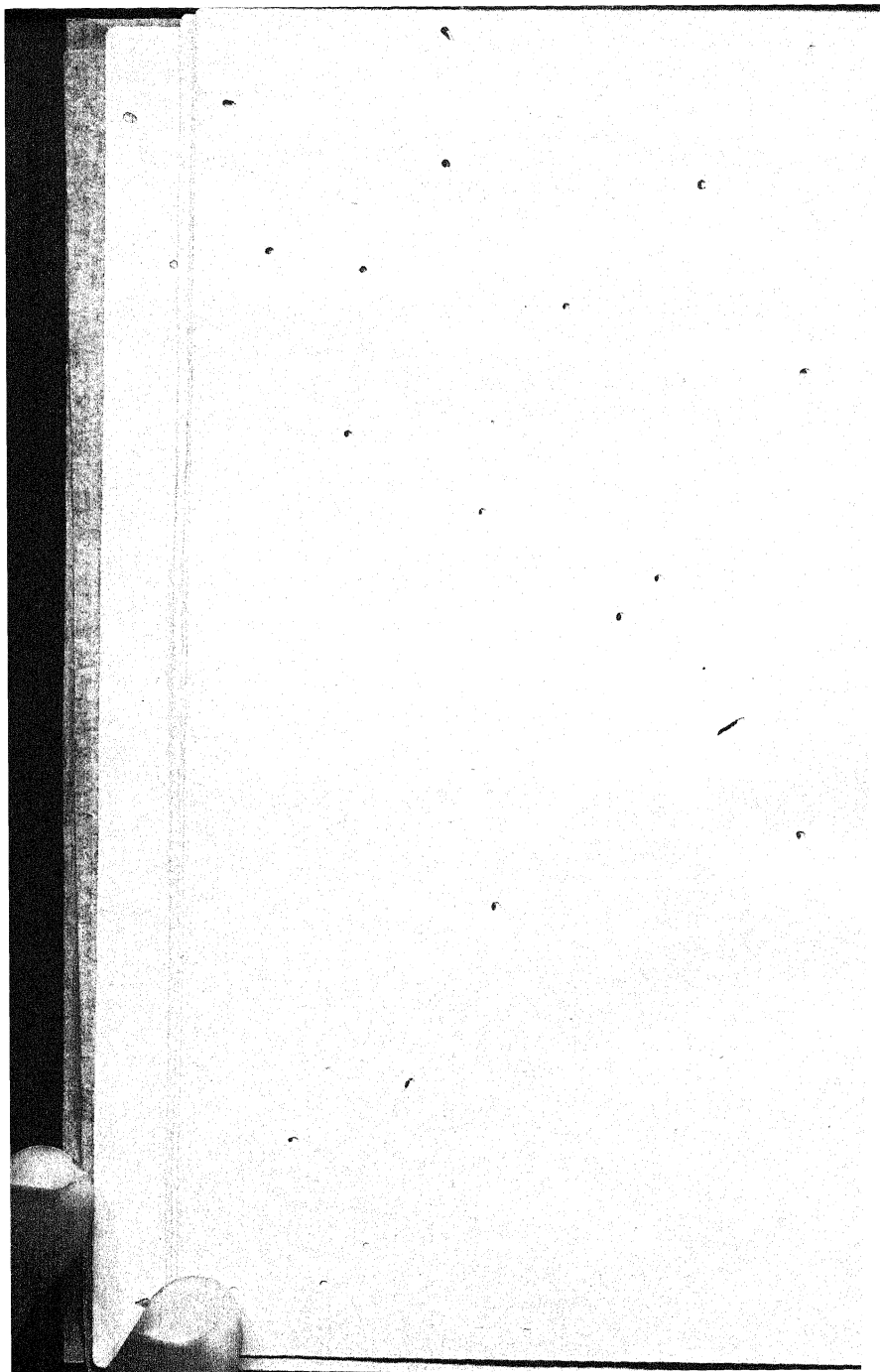
self-government, and the best means of teaching it to the inexperienced villager. This little book, therefore, should be read by all who are new to Co-operation and who are concerned with the development of our African colonies.

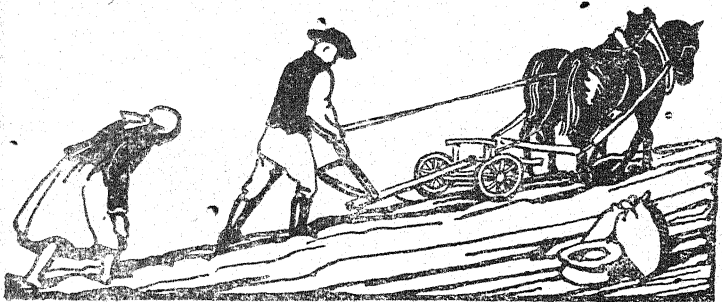
MALCOLM DARLING.

24th August 1946.

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CHAPTER I

INTRODUCTION

WHEN man ceased to be a wandering hunter and took to agriculture and the settled life of villages, his first need was to provide food and clothing, shelter and simple household utensils for his family. He grew his own corn and his wife ground it and made it into bread. He sheared his sheep or planted his flax and his family spun or wove the wool or linen into garments for their own use. Even tools and pots and pans were home made. The family was thus self-contained and self-supporting. Families might group themselves in a village for purposes of defence or because they were nearly related and liked each other's company, but they did not depend upon one another for their livelihood. They might help one another out in bad times with goods or services, but they did not buy, sell, or even barter.

The first break came with the establishment of the tool-maker, the smith or potter, as a man of business on his own. He ceased to grow food for himself and spent all his time making pots or ploughs for other people, for which

they in turn were glad to keep him supplied with food. In time money payments took the place of barter, and other trades—the weavers', the carpenters', the shoemakers'—passed into the hands of people who did nothing else but weave, carpenter or make shoes. Such men began to live in towns and sell their wares not only to the farmers of one village, but to those who came in from many villages. Such farmers did not come to town empty handed. In order to pay for clothes and tools each family now had to grow more grain and milk more cows than would have been necessary merely to feed themselves. The surplus wheat, cheese and butter would, when exchanged in the nearest town, provide the necessities and a few of the luxuries of life which they could not raise from their own soil or shape with their own hands.

This commerce spread and farmer and craftsman alike were, for better or worse, woven into an increasingly complicated pattern of what is called "economic life," that is of getting a living by making, buying and selling things. New classes came into existence who neither tilled the soil nor worked in textiles or metals. They were merchants who bought and sold what they had not themselves produced, seamen and leaders of caravans who carried goods for long distances, bankers who advanced money so that men could live until the goods they were making or buying or carrying had been sold and paid for and the proceeds turned into food and clothing for their households.

With the coming of the transport man, the spider's web of trade began to stretch farther and farther. At first only luxuries moved for long distances, drugs, perfumes, jewels, the sort of things which to-day would be small enough and costly enough to travel by air. Gradually common things of better quality or more cheaply produced moved from one country to another. Wool travelled from the mountain sheepwalks, where pasture was too poor for cattle, to the richer dairy and corn countries. Wheat

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or share in the profits which came from it. The quantity of real wealth—of clothes, shoes, tools, household goods—certainly increased with the coming of the machine, but this new wealth was very unfairly distributed.

A rather similar "revolution" in agriculture came later than the industrial revolution and is still not complete. Changes in ways of farming, that is technical change, and in farm business, that is economic change, are still going on. At an early stage they set the farmer problems almost as acute as those of the worker in the factory. Competition from distant countries forced him either to grow at less cost or perhaps to grow different things from the land at his disposal. Sometimes he had to specialise and stick to one crop only, sometimes to diversify his production and grow a variety of new crops, if he were to have enough marketable produce to purchase his needs. In the meantime, the ingenuity which had made machines for factories began to make machines for farms. The threshing machine and the cream separator led on to the tractor and the pasteurising plant. It was discovered that the elements in animal dung which made land fertile were also to be found in phosphatic and potassic rocks, which could be rendered into the "artificial" fertilisers on which modern farming is based.

In some countries the economic revolution, the change in ownership and business relations, went with the technical revolution, as it had done in industry, and many small farms, each worked by the owner and his family, gave place to a few large farms in which the owner supplied money, bought machines and livestock and directed the enterprise, the actual work being done by paid labourers. Where the two changes went together there was likely to be efficiency, and good crops would be cheaply grown, but there was not always contentment on the part of the labourers who, like the factory workers, got little profit or satisfaction from the enterprise. Sometimes, however, a large farm would continue to be run

with bad, old-fashioned methods, relying on cheap labour to take the place of modern machinery and scientific management. More often the small farm remained and the farmer had, with little money and little education, to attempt as far as he was able to bring his methods up to modern standards. This was all the more difficult because the people to whom he sold his produce, or from whom he bought his plough, his cream separator or his bags of fertiliser, were often organised in big companies whose wealth and knowledge made them hard bargainers. A third problem was that of the settler in new, unbroken country like Canada or Australia, who had to begin work far from supplies, and market his produce at a great distance.

Some of the difficulties of the worker and the farmer also faced the fisherman, when the time came to change from the sailing or rowing boat, supplying fish to housewives in the nearest port, to the elaborately equipped steam trawler supplying a canning factory, which in turn sold processed fish in distant markets.

It was just at this point, when the individual, whether craftsman or farmer, was losing his independence and becoming either a wage labourer in farm, factory or fishing boat, or falling more or less completely under the control of commercial and banking interests, that the co-operative movement was born.

In old settled societies, whether simple or complicated, it had always been assumed, both by philosophers and by the ordinary citizen, that every individual had a place to fill and a service to perform in the community. The industrial revolution, with its sudden opportunities to the individual to break out of his old fixed place and make himself rich and powerful (often at the expense of others) made the ideas of competition and struggle, as in some exciting game, more popular than those of order and mutual help. But there were still some who saw the misery and moral loss that went with the pursuit of quick

riches and who continued to speak and write for co-operation rather than competition. They went further and suggested new forms which it might take in the new world of scientific and technical achievement, of new knowledge and new skill, which they could see coming into being.

Some of these ideas circulated among the dispossessed workers and struggling peasants and suggested to them a kind of society in which they would find plenty and self-respect for themselves and their families. To others, their very troubles suggested remedies which were wholly practical and owed nothing to theories and philosophies.

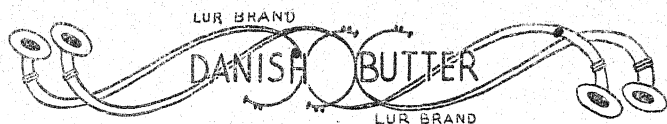
Family and tribal communities, common pastures, mutual aid with the harvest, are as old as the history of mankind. Co-operation in the modern sense began at about the same time near the middle of the nineteenth century in three or four European countries. In 1844 the flannel weavers of Rochdale in the North of England formed a society and opened a shop for the sale of groceries and provisions to its members, thus setting up the first "consumers" co-operative movement in the world. Sixteen years later the same method was applied by the farmers of nearby Cumberland to the purchase of fertilisers and seeds. About 1850, on the banks of the German Rhine, the humanitarian Raiffeisen was showing small farmers, who had become almost the slaves of merchants and usurers, how they could work themselves to freedom and prosperity through co-operative credit. In the seventies the cream separator came to Denmark and the Danish farmers decided that if their industry was to be mechanised they, through their co-operative societies, would control the machine. The story of these movements, how they grew strong in their own countries, how other ways of applying co-operative methods were discovered, and how co-operation spread to fresh countries and fresh continents will be told in the chapters that follow.

Africa is still passing through the stages of economic development which led to the beginnings of co-operation in Europe. The self-supporting peasant farm still exists in large numbers, but the selling of crops, such as cocoa, on the world market has made the African cultivator dependent on circumstances, like employment and unemployment in the manufacturing towns of Europe or a change in public taste from cocoa to coffee, over which he has no control. He has still much to learn about modern farming from the scientist and the engineer. The independent handicraftsman still exists, but more and more Africans are working in mines and transport, in the pay of big companies or public authorities.

A good many lessons have been learnt since the ruthless industrialisation of Europe in the last century. But if the worker is to raise his standard of living and his control over his own economic life he needs not only a trade union or a wages board. He needs a consumers' co-operative society. (If the peasant is to change from primitive food growing to efficient farming and marketing, he needs co-operative credit, processing and selling associations.) If such organisations are to be successful their members should study not only the successes but also the failures of Europe. This book should be read critically, with a picture of the reader's own country always at the back of his mind so that he asks himself constantly, "How would this idea prosper in my town or village? If I explained it to my friends and neighbours, would they laugh, be angry, or set to work upon the plan suggested to them? Whichever they did, would it be wise or foolish, given their circumstances and experience?" It is for this reason that this book will not be limited to a description of co-operative activities. Something will also be said of the countries and people among whom these activities grew up. (For co-operation is not a patent device to be applied in any country and any circumstances with a guarantee of

success. It is something that has grown out of the needs and character of people in many countries. They have borrowed ideas from one another, but they have always adapted them to their own use and their own tastes and needs.)





CHAPTER II

CO-OPERATIVE MARKETING: DENMARK AND DAIRYING

DENMARK is a flat, windswept peninsula with poor soils and a climate which, though pleasant in summer, is cold, wet or snowy in winter. Up to about one hundred and fifty years ago it was a country of big estates worked by labourers, who usually had a few acres of land of their own, but not enough to support themselves and their families. Poverty and ignorance were general. The main products of the big farms were grain and fat cattle, both exported. Considerable areas of land were unreclaimed heaths or sand-dunes. There was little industry, for Denmark had no coal, iron or water power, but a good deal of fishing went on round the coasts.

Already at the end of the eighteenth century a few progressive landowners were beginning to give more land to the peasants. About 1850 the government began to pass laws by which, over a considerable period, land was gradually transferred from large owners to small, and it was made easy, by loans at low rates of interest, for any man who had the necessary character and ability, to take up a holding, whether or not he had the ready money to buy and stock it. This redistribution of land was carried out with much wisdom and many of the difficulties which have been encountered in the land reforms of other countries were avoided. Not all farms were small. Working farmers who had the ability to

manage a larger holding were left undisturbed. (Though a number of smallholdings were created, the so-called "fragmented" holding in which a man's land, instead of being all in one piece, is scattered in a score or more of small pieces all over the parish, was never allowed to develop.) The system of farm loans saved the small peasant from becoming hopelessly indebted to moneylenders and merchants.

Moreover, while this change was taking place in the system of land holding, a remarkable educational and even spiritual revolution was unfolding. Denmark was a small country with at that time no very strong national ideals or aspirations. In the course of the nineteenth century she was twice defeated by Prussia, in wars which were none of her seeking, the outcome of which was the loss of her two southern provinces to Germany. The result might easily have been mere discouragement and cynicism. The leader who gave the Danish people new hope and self-respect was not a politician but a churchman with a broad philosophic mind, who had studied the history, music and folk tales of his country and believed that if his fellow-countrymen were to make their own special contribution to the future they must first possess themselves of all that was best in their own culture and traditions. Bishop Grundtvig was a great preacher and a great writer, but he is best known as the inspirer of the Folk High Schools, which have flourished now for nearly a century throughout Denmark and in several of the neighbouring countries.

These Folk High Schools gave no technical instruction. They did not set out to train men for the professions or even for agriculture. To them boys and young men, and later girls, came from the farms for the six dark months of winter, when little work could be done on the land, in order that they might learn to understand the history, literature, music and dancing of their people and learn to live in a community where life was simple, orderly,

but without severe discipline, and filled with the ideal of mutual service and of a love of country which did not call for conquest or hatred of its neighbours. In this way a generation of farmers grew up with an unusually high standard of education, wide outlook and confidence in one another's judgment and fair dealing.

The crisis in Danish farming came in the third quarter of the century, when the opening of the North American prairies to cultivation and the building of larger and faster ships and of railways running from coast to coast of the American continent, began to bring the cheaply grown wheat of the New World on to the European market. The small Danish farm, with its poor and yet expensive soil and wet, cold climate, could not compete with the great prairie farms where land was to be had almost for the asking and the summer sun ripened an unfailling crop.

Fat cattle and corn are, anyhow, the big farmers' choice, and the small farmer would no doubt, in any case, have moved in the direction of mixed farming and the sort of enterprise which demands labour, care and intelligence rather than wide acres. The competition from overseas turned him definitely towards dairying. But it was dairying of a special kind. There was no room for extensive pastures, and Danish pastures are not of the best. Nor is the winter mild enough for cattle to graze out of doors all through the year as they do in England. They must live under cover and be fed by hand. The Danish farmer cultivated his land even more highly than he had done before, but he grew less bread grain and much more feed, both cereals, roots and fodder crops like clover and vetches. His cows spent most of their time in the stable, eating from mangers and going out for air and exercise rather than to feed. The cream from their milk was made into butter which found a ready market both at home and on the export market, and the skim milk was fed to young pigs reared for bacon.

This was an intelligent move, but it was only the first step. The industrial revolution was on its way to the farm and the first mechanised cream separators and churns made their appearance in Denmark. Up till then the farmer's wife had stood the milk of her half dozen cows in open bowls in the dairy till the cream set, skimmed it with a ladle and made it into butter two or three times a week with a hand churn. Now machines existed which would separate the cream from the milk of hundreds of cows and transform it into butter of perfect texture and uniform quality in a few hours.

The Danish farmers were quick to see that human hands could not compete with this invention and, moreover, that whoever owned the machines controlled the sale of butter and the price of milk. They decided to own the machines. They were, however, expensive; they required to be housed in some central building larger and of a more specialised character than the farm dairy; they required an expert to run them and fuel and lubricants to keep them going. Butter could not be made without salt nor put on the market without parchment and box-wood. Even a group of farmers could not raise money enough in hard cash for all this. Instead, they went to the bank and asked for a loan, making themselves each and all, collectively and individually, responsible for its repayment. At the same time they pledged themselves to deliver all their milk to the new creamery as soon as it was built, keeping back only what was required for their own households. There was no legal bond, the association was not even registered, but such was the loyalty and good understanding of the Danish farmers that no one defaulted.

The bank knew its borrowers and lent willingly; the creamery was built, the milk began to flow in and the butter to go out to the markets not only in the Danish towns but in England and Scotland, Germany and other countries. Loans were repaid by annual instalments, and when they had been returned in full it was usual to

arrange a fresh loan so that the creamery might extend its plant and premises and continue its purchases of raw materials. The association was managed by a committee elected by all the members, that is by all those who had pledged themselves for the repayment of the loan and the delivery of milk. Any profit or loss on the undertaking, which was revealed by the annual audit, was distributed among the members in proportion to their deliveries of milk, that is, the share they had taken in the business of the association.

As the creameries grew in number their members began to apply co-operation to a wider field. They formed federations, not of individuals but of creameries, for the marketing of their butter at home and abroad and for the purchase of coal and salt for their own use. At the same time they established the quality of Danish butter by a system of inspection and testing and by the adoption of the Danish "Lur" brand—a lur is a twisted horn once used for calling cattle from the pasture—the use of which was only permitted on butter of the highest quality. Nor was it only in the creamery that high standards were made to rule. Much attention was paid to the breeding and feeding of cows. Milk recording societies were formed by which a regular check was kept on the daily yield of each cow and its butter fat content. In this way the farmer could trace the cows which were not giving a good return for the food they ate and could send them to the butcher, replacing them with better milkers who really earned their keep.

In the meantime the production of bacon had gone through the same stages of co-operative organisation and technical improvement. Bacon factories, larger than the creameries and serving a wider area, had been built, marketing federations had been formed and much care and experiment devoted to breeding the perfect bacon pig. The van belonging to the Danish Bacon Federation, brightly painted and bearing the legend "Good · Better ·

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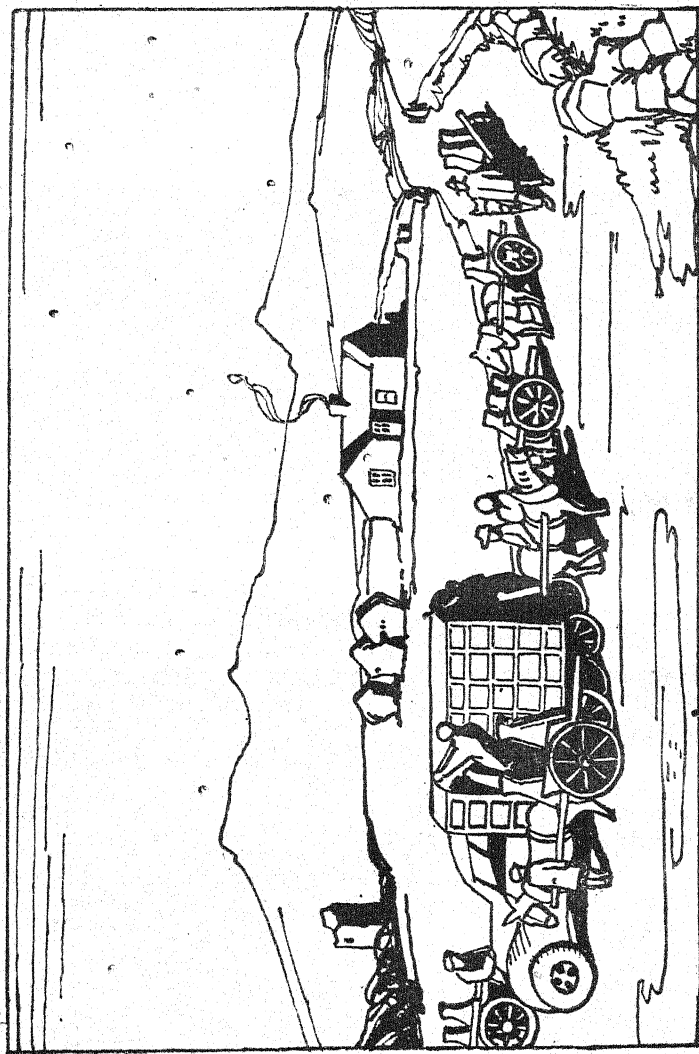
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COLLECTING MILK FOR CO-OPERATIVE CREAMERY, IRELAND.

Danish," used to be a familiar sight in London before the invasion of Denmark, and the war-time rationing of bacon in England put a temporary end to a connection which had been beneficial to both sides and to a large extent co-operative on both sides as well.

The marketing of eggs does not mean processing (that is, making into a new substance, as milk into butter or barley into beer), but it does mean careful grading, handling and packing. Eggs roll gently along a miniature railway and slip through a series of trap-doors, graded according to weight. They are held against an electric-light bulb in a dark room to see whether the tell-tale yolk and air-space show a new laid egg or one which has begun to go off. Finally they are packed in crates ready for transport by land and sea. This again is work for a co-operative society rather than a single farm, and so it has been handled in Denmark.

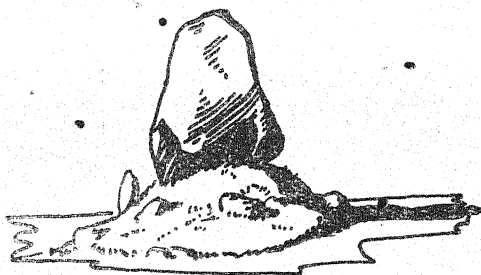
A good deal of space in a small book has been given up to the description of co-operative marketing in a single country, but Denmark is in many ways a pattern of what this kind of co-operation should be and has served as a model for many other countries. It is true that before the Danes got to work there had existed for hundreds of years in the high mountains of Switzerland and France a simple form of dairy co-operation. The peasants, every spring when the snow melted, drove their cattle to the high pastures where they grazed all the summer on the rich grasses and produced abundant milk. This milk was made into cheese which was sold in the valley towns in the autumn. Since cheese making is a highly skilled occupation and since the milk must be fresh and is better in large quantities, a custom grew up by which the milk produced each day from all the cows in the village herd was made into cheese at one dairy and by one skilled cheese maker. Later, when the cheese was ripe and ready for sale, each farmer was credited with cheeses in proportion to the number of cows he kept.

Up till about sixty years ago this was the only kind of dairy co-operation practised in France. At that time there was a region in Western France called Charentes, where the peasants grew vines and made wine and brandy. A mildew disease, *phylloxera*, attacked the vineyards and destroyed the plants in a few years. The peasants were ruined. A young farmer of the district, who had spent his years of military service on the Swiss frontier, remembered the dairy cows and cheese-making co-operatives in the mountains and persuaded his neighbours to go into cow keeping and to start a co-operative dairy. They got to know of Danish co-operation and drew ideas from that source also and in the end took up the making of butter rather than cheese, with casein (a dried milk product used in industry) rather than pig-feeding, as an outlet for their skim milk. Here again the creameries multiplied and flourished and a region that had seemed agriculturally ruined was able to regain prosperity.

Among the most successful followers of the Danish example have been the other Scandinavian countries, Norway, Sweden and Finland, which started later, and probably still sell more of their milk as pasteurised whole milk than as butter; Switzerland, which has modernised its ancient mountain dairies, but is still a cheese-making rather than a butter-making country; Ireland, which has almost the same butter-skim-milk-pig-rearing economy as Denmark, but, since the farmer depends more on natural pasture than stall feeding, is a heavy summer producer with little milk for manufacture in winter; and the Netherlands, which, in addition to making several choice cheeses, exports both butter and condensed milk, bacon and eggs. Nor has dairy co-operation been confined to Europe. Canada, Australia, New Zealand all have their co-operative creameries and sell their butter on the London market.

Dairy co-operation is not likely to have so wide an extension in hot countries where milk and butter are not

such important and widely consumed foods as in cooler climates to north and south. But there are co-operative dairies in South Africa and in Kenya, and similar associations selling milk in towns and making ghi (melted butter) have been at work in India for a long time. (What is important, however, is not the commodity handled, but the method: mutual trust, and a conscientious shouldering of common responsibilities, skill in making and selling, interlocking of different items in the farm economy (milk and pigs in this case), attention to the tastes of the consumer, and, above all, perhaps, efficiency which reaches back from the creamery to the farm, the farm to the cow, and ultimately to the ancestors of the cow. The methods can be and have been imitated in the handling of many farm products besides milk and meat, as the next chapter will show.



MONUMENT MARKING THE PLACE OF THE
FIRST DANISH CO-OPERATIVE CREAMERY

CHAPTER III

CO-OPERATIVE MARKETING (*continued*): FIELD CROPS AND FRUIT

IN the last chapter the marketing of dairy produce and bacon in Denmark was described at length because it is one of the best examples of a wholly successful co-operative marketing undertaking and some sort of pattern or standard is very useful. But these are not by any means the only commodities that have been handled co-operatively, or the only country in which such organisation has grown up.

Towards the end of the last century, railways were driven from coast to coast across Canada and the United States, opening up the great plains to settlement and carrying away the crops which the settlers grew on their new farms. Something of the same sort was happening in Argentina and in Australia, where the pipe-line which carried water to the goldfields of Western Australia was tapped to give water to farm houses, in regions where rainfall was just enough to grow wheat, but not enough to make living tolerable for men and livestock. At the same time ships were becoming larger and swifter, and wheat from distant countries overseas travelled to the crowded cities of Europe. It was this competition from overseas which had made the Danish farmer give up wheat growing and take to dairying, and so led him to build up a co-operative marketing movement.

But the wheat growers themselves were facing some of the same problems. They sold their crop on distant markets through middlemen and speculators and they had little or no control over the price. They did not even own the grain elevators in which the crop was stored

before it travelled to market. It was private dealers who carried on the cleaning and drying, which made so much difference to its value.

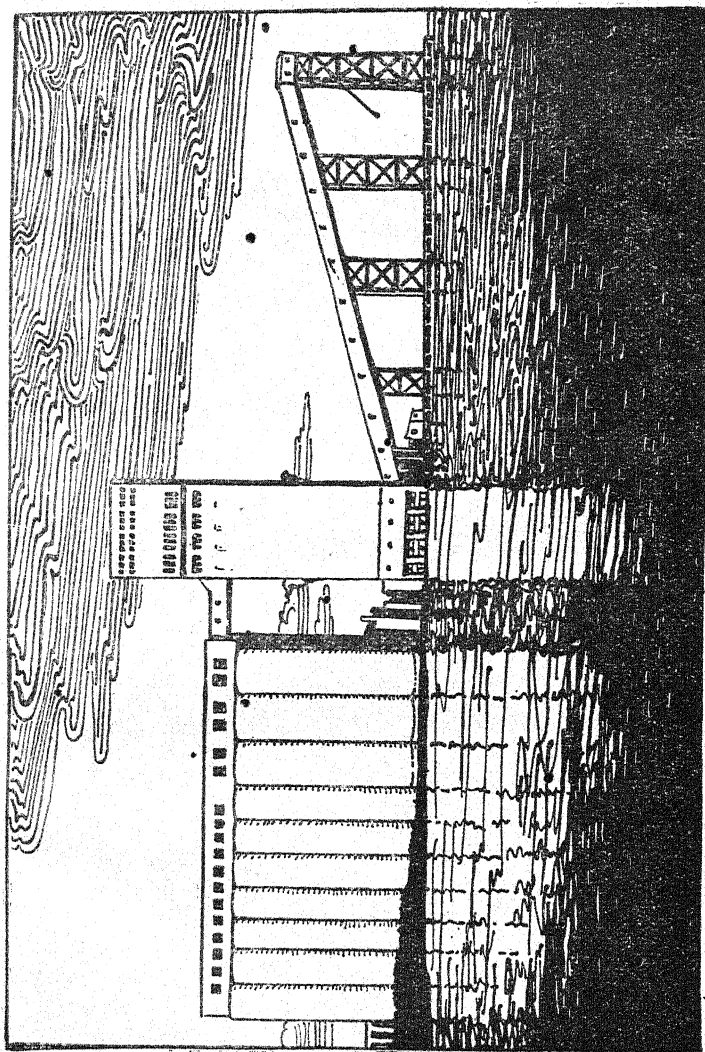
The first move towards the co-operative marketing of grain came in the United States, where farmers in the Middle West joined together to build their own elevators and organise the sale of their grain, both wheat and maize, in the grain exchanges of Chicago and Duluth. Canada soon followed, and in the early years of the twentieth century, the idea began to take shape of a national co-operative wheat pool built up from the co-operative wheat marketing associations of the three Prairie Provinces of Manitoba, Alberta and Saskatchewan, to which all the farmers would belong and to which they would pledge themselves to sell all their wheat. This great scheme very nearly succeeded, and for a time the growers themselves appeared to have complete control of the crop. This was all the more important because it was often their only crop and one on which the food supplies of the world depended. But wheat is a tricky thing to handle. There are good years and bad years and they are not good and bad at the same time for all the wheat producing countries. There are changes in employment in the industrial countries; people are out of work and cannot buy as much bread as they would like, or else they become prosperous and buy less bread and more meat. The demand for wheat is never the same from year to year, nor is the supply. The speculator likes these conditions because he does not mind what the price of wheat is as long as he can sell it for a little more than he paid for it. The farmer, on the other hand, gets no good out of what is called a margin of profit; he wants a price high enough to pay for the cost of growing wheat and maintaining his family.

The Canadian Wheat Pools tried to hold the price at a figure which would repay the farmer. The speculators, who were against a co-operative scheme in any case,

bought from the few farmers who were not in the Pool, from the United States, from the Argentine—anywhere rather than the Pool. Gradually the Pool saw itself left with great quantities of wheat for which there were no purchasers. What was more difficult still, the Pool had paid the farmers, when they delivered their wheat, a part of the price which the Pool expected to get for it. The full price would have been made up to the farmer as soon as the Wheat Pool had itself received payment from the buyers on the market. In the meantime, money for the first payment to members was borrowed from the bank. But now that prices were falling fast, it was found that the first payment, instead of being about two-thirds of the full price, was actually *above* what the full price had now become.

The Wheat Pool and its three Provincial Pools were in a most difficult situation. They had members pledged to sell all their wheat to the Pools, but the contracts were running out and it did not look as though members would want to bind themselves to sell only through the Pools for another five years. They knew too well that the Pools had great quantities of wheat on their hands which they could not sell, and heavy debts to the banks, while prices showed no signs of going up. In the circumstance the Wheat Pools had to accept a loan from the Government to pay off their debts, and had to pledge the elevators which they owned as security. They had to give up the idea of controlling the wheat crop by a contract with all the growers, and to allow a business man appointed by the Government to carry on their selling for them by the ordinary speculative methods.

But with great courage they did not give up the idea of co-operative marketing. Every year they organised a voluntary wheat pool, without contract, and to this between a fifth and a third of the farmers of the different provinces sent their wheat. In the course of a relatively few years the Pools paid off their debts, redeemed their



CO-OPERATIVE TERMINAL ELEVATOR, GREAT LAKES, CANADA.

elevators from the Government and, as prices improved, began once again to return profits as well as give service to their members. The idea of a great co-operative monopoly cutting out speculation and, with the help of great marketing co-operatives in other wheat growing countries, and the consumers' co-operatives in the industrial countries, controlling the world market in wheat and putting an end to speculation in the people's food, had failed, at least for a time. What remained, however, was valuable to the farmer and full of the real co-operative spirit of people who have stuck together in bad times as well as good. What is more, co-operative ideas began to work in other directions. The Wheat Pool members and staffs fostered the idea of co-operative supply of agricultural requirements and household needs; they pushed forward the marketing of other agricultural produce so that the prairie farm need not be so wholly dependent on the one, precarious crop of wheat. They took up plans of co-operative education in a country where people are eager to learn, but often live on lonely farms where books and teachers are not easy to reach.

The co-operative grain marketing associations of the U.S.A. have gone forward steadily, though they have never succeeded in becoming the only sellers, nor indeed tried to do so. There is a farmers' co-operative wheat marketing organisation in each state in Australia, and in Western Australia in particular the movement is linked as in Canada, with other kinds of co-operative activity.

In Europe only a few countries, mostly in the South-East, where co-operation marketing is not very advanced, have wheat or maize to export. Therefore the main task of farmers' co-operative grain societies has been to look after the home market. Sometimes it is only a local market, as in the case of those French societies, which receive wheat from their members, mill it, bake it and return it to the same members as loaves of bread. In several European countries, however, co-operative grain

buying societies exist in every district, with their own elevators or warehouses. They are often linked together in a national organisation in which the consumers' co-operative movement, with its mills and bakeries, also has a part. Such a national organisation may receive special monopoly powers from the government. This happened in France and also in Czechoslovakia.

Another commodity which is often sold co-operatively, especially on the international market, is fruit. The citrus fruit marketing associations of the United States are among the largest trading organisations of the world. But they are so large that they have almost come to be a part of big business, in spite of the co-operative form in which they were originally set up. An attempt to build up a similar organisation for the marketing of bananas in Jamaica was not a success, although it did and still does something to keep the banana grower from being too completely in the hands of the big private companies. Its history is a little like that of the Canadian Wheat Pools, under the influence of which it was formed. Numbers of growers, large and small, signed an agreement to deliver all their bananas to the co-operatives over a period of years. In order to bring in the large growers the latter were allowed a few extra votes in the meetings of the Associations, which was already a breach of co-operative principle. This alone, though a mistake, would not have ruined the Association. What made its task impossible was the continuous, very strong and very clever opposition of the great fruit companies, which tempted the members of the society away with higher prices and crowded it out of the markets in the United States, Canada and Great Britain. After a successful first year or two, the Association found itself without enough bananas to cover the cost of proper management and marketing, with mainly the poor quality fruit, which the growers could not sell elsewhere. There was a Government enquiry and the Banana Growers' Association was reorganised as a company under

Government supervision, useful to the grower, no doubt, but not co-operative, or his own. This is an important lesson to people who want to organise in a hurry and particularly to organise farmers who have had little experience or training in co-operation. Some smaller organisations marketing citrus fruits in the West Indies have avoided these dangers and done well.

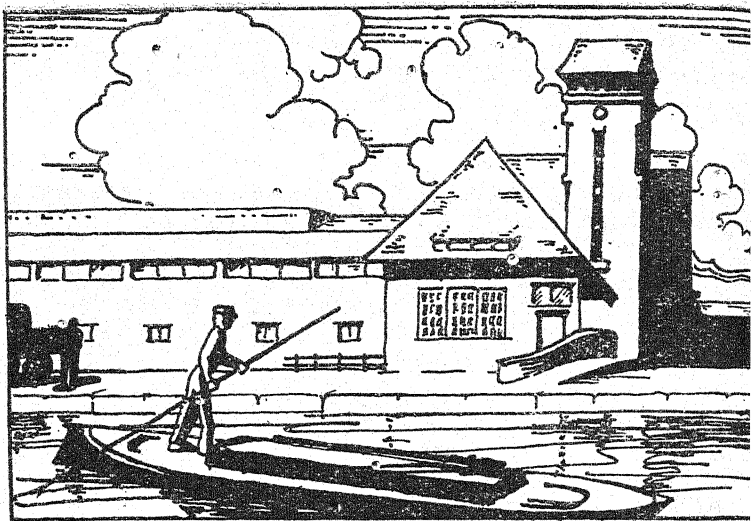
Though not a fruit in the usual sense, cocoa is a crop which lends itself to co-operative marketing rather in the same way. Co-operative cocoa marketing on the Gold Coast has always been under fairly close government supervision, but has recently been reorganised to give it a stronger co-operative character and put more responsibility on the members. In Nigeria there are not so many cocoa marketing societies and they have not existed for so long, but they were built up on co-operative lines from the start. The cocoa commission of 1938 strongly recommended that government should "wholeheartedly promote co-operation" and that there should be a cocoa export agency, with co-operative societies as its members. In the island of Tobago, off Trinidad, there was for years a particularly successful co-operative cocoa fermentary and there are others in the West Indies. The future of cocoa marketing on both sides of the Atlantic is bound up with the growth of a strong, loyal and efficient co-operative organisation, with local societies and some type of local marketing agency. Coffee will probably in time be handled in the same way and there have been central beginnings in East Africa both among Africans and settlers.

In cooler climates grapes and wine are among the products often sold through growers' co-operative organisations. Sometimes the wine is made by each farmer from his own grapes, for each man, in France especially, takes great pride and interest in the making of his own wine, and believes, with or without reason, that it has special virtues of its own. In such cases the co-operative society

merely stores and sells the wine on behalf of the members. Most of the modern societies, however, have persuaded their members that they will get a better price if they let their wine be made by experts, with modern, hygienic apparatus, and properly blended and matured. Wine making societies exist in all the vine districts of France, in Italy, Yugoslavia, Bulgaria and other countries, including South Africa and Palestine. Some societies also handle table grapes, packing and dispatching them to luxury markets in the big cities.

Side by side with the co-operative wine presses of Southern Europe are co-operative olive presses, which crush out the rich oil which is so important a part of the diet of people in these countries and is also exported far and wide as a salad oil. The residue of the olives and the pips of the grapes are afterwards used to make soap. In Africa ground nut oil is prepared in co-operative presses in the same way.

In Holland there is an area almost wholly given up to market gardening, much of it covered with glasshouses for the climate is cold and windy. The gardens produce hothouse grapes, tomatoes, strawberries, lettuces, all kinds of vegetables and flowers, both cut and in pots. Nearly all this produce is sold through co-operative auctions. A Dutch auction is quite different from an English auction. For one thing it is quite silent. The produce generally comes in by barge along one of the many canals which carry off the water drained from this once swampy land. A narrow branch of the canal actually runs through the main auction hall, and along this the barge is quietly poled, laden with lettuces or boxes of tomatoes. The bidding starts with the highest, not the lowest possible price, and it is not shouted by a red-faced auctioneer but is shown on a great clockface, on which the hours are florins and the minutes cents. The buyers are all sitting at desks in a kind of theatre facing the clock. They look carefully at the lettuces and the name of the



CO-OPERATIVE VEGETABLE AND FRUIT AUCTION, HOLLAND.

grower on the boxes. Sometimes one signals to have a lettuce tossed up to him so that he may pinch it to see that it has a good heart. Then the hand of the clock begins to move and travels slowly till it reaches a price which some buyer is prepared to pay. At that point the buyer presses a button on his desk and the hand of the clock stops. The purchase is completed.

In other countries soft, perishable fruit is pulped and canned before it is sold to distant countries, or in some communities where the surplus is not large, it may simply be canned by the local co-operative society in the glut season and then sold back to members for the price of the cans in the off-season when there is no fruit about.

Grain and fruit do not complete the story of co-operative marketing. There are nuts in California, chicory (used as a substitute for coffee) in Czechoslovakia, cotton in the

United States, silk in Japan, Italy and Bulgaria, flax in Ireland and Poland, wool in Great Britain and the United States, and eggs in nearly every country. The commodity differs, but the co-operative methods are the same—delivery of all a member's produce to his society, careful grading for quality, perhaps cleaning, processing or packing, sale either immediately or after a period of storage, sometimes by auction, sometimes by agreement made in correspondence or over the telephone with buyers in distant countries. Sometimes these buyers are themselves consumers' co-operative societies.

More remains to be done, for there is still a great deal of the trade in agricultural produce which is not co-operatively handled and in which the grower probably does not get his fair share of the profits. But a beginning has been made, the principal traps and dangers have been discovered and for later comers the way is always easier than for the pioneers.



GATHERING ROSES FOR CO-OPERATIVE PERFUMERY, BULGARIA

CHAPTER IV

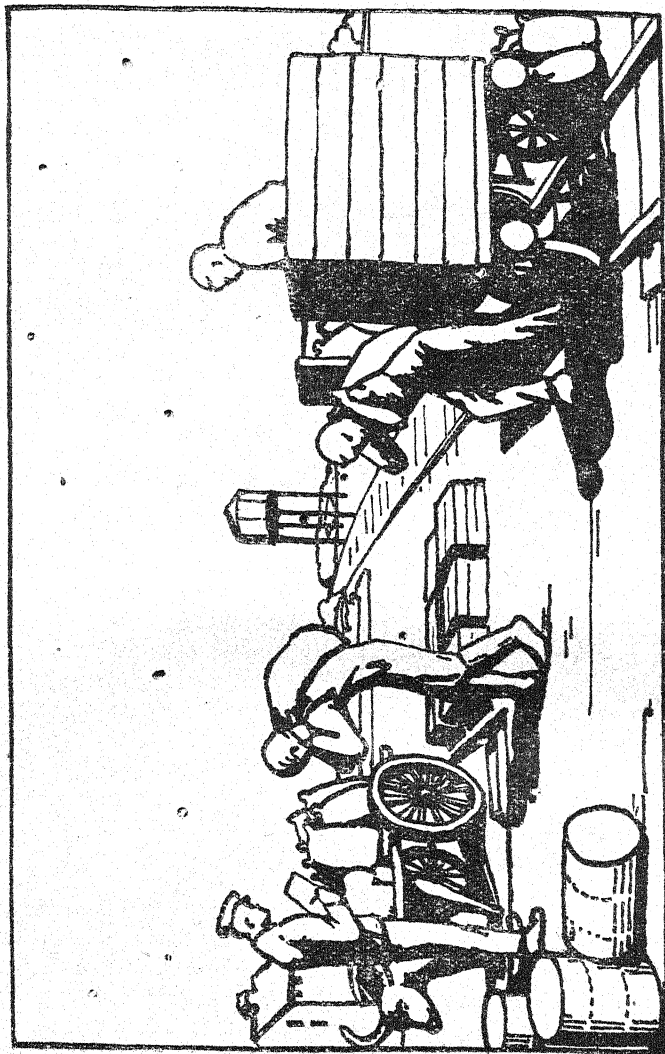
CO-OPERATIVE CREDIT: RAIFFEISEN IN GERMANY

A HUNDRED years ago the peasants of Western Germany were living in great poverty and were deeply in debt to the village traders. Their holdings were small and ill-cultivated. They were for the most part mixed farmers. They grew rye and potatoes; they kept a cow or two, pigs and a few fowls. They had fruit trees, perhaps vines. But like all farmers they had to wait a long time for a return on their labour and expenditure. In the autumn they had to go to the trader for seed and later for fertiliser or fodder. From time to time they needed a new plough or harrow, a horse or a cow. They certainly needed groceries and clothes to last through the long cold winter. But they could rarely pay for such purchases in ready money. They bought on credit and the trader charged such prices as he thought necessary to cover the risk or believed he could force the peasant to pay. Sometimes the peasant barely knew what figures were mounting up against him in the trader's books. With the spring sowing the debt was likely to be increased. When, in the late summer, the crop was harvested, the peasant was obliged to sell it to the trader in order to wipe out his debt. Very likely there was no one else within reach to whom he could sell it. Once again the trader fixed the price and it was likely to be as low as the price of supplies had been high. In this way the peasant never wholly escaped from debt. He had little motive for working hard and improving his farm, since all the benefit would go to the trader. He lapsed into poverty, indifference and drunkenness.

At that time there was a burgomaster (or district

officer) of a group of Rhineland villages. His name was Raiffeisen. He had led a varied life as soldier, railway engineer and wine merchant. He knew his countrymen, he had a sincere regard for their welfare and he had an original mind. He attempted various methods of charitable relief for the poverty he saw around him, but found that all such relief was temporary and was followed by a relapse into fresh misery coupled, with a sapping of the individual's will to improve his own lot.

After a good deal of experiment he hit upon a form of co-operation—the village loan and savings bank—which was to offer a real solution for the problem of rural indebtedness, not only in Germany but in many European countries, and in places as far afield as Canada and India. The originality of the idea lay in the fact that whereas no single peasant in the impoverished German villages had either the property or the known personal character to secure a loan, except at extravagantly high rates of interest, a number of peasants joining together and pledging their whole resources, what is called their “unlimited liability,” for the repayment of the debt of any one of them, could, collectively, borrow on reasonable terms. In fact the security was fourfold. First the borrower would not have been admitted to the society if his fellow members had not been convinced that he at least *meant* to meet his obligations in full. The loan itself would not have been granted unless it was of a “productive” character. That is to say, it could only be spent on something which would earn its own repayment—seed from which a crop would be grown, a cow which would give milk and a calf, the repair of a barn which would allow more cows to be housed. Thirdly, two neighbours of the borrower would sign a guarantee making themselves responsible for the loan. Fourthly, every member of the society would be finally responsible, with all his property, for making good any losses which might otherwise have fallen on those who had lent money to the society.

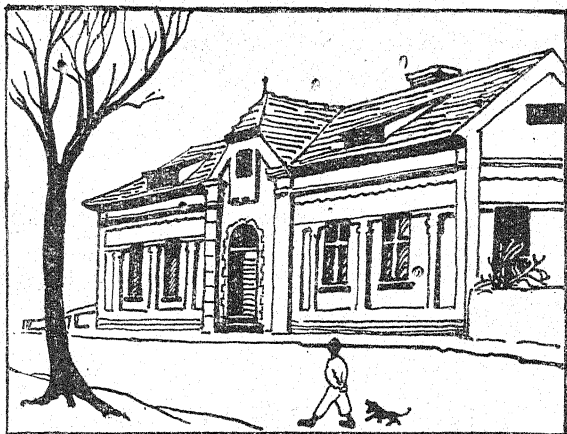


MEMBERS OF CREDIT SOCIETY UNLOADING TRUCKLOAD OF FERTILISER.

It is not surprising that in these circumstances the members of a credit society, and more especially the two guarantors, kept a very close watch on the borrower and the way in which he spent his loan. If an expensive wedding feast took place in his house soon after, it was a matter for suspicion and for questions at the next committee meeting of the credit society. If he bought the cow for which the loan had been granted, his neighbours would make an occasion to hang over his fences looking at the cow and considering whether she was being properly fed and cared for and was, in general, doing her duty towards earning interest on her loan.

The interest was always kept low, much lower than the moneylender had charged, and repayment was by regular instalments. Low interest, freedom to purchase the tools and raw materials of agriculture in the best market, freedom to sell produce to the highest bidder led quickly to a real improvement of the position of the farmer. When he sold his produce he had, for the time at least, fairly large sums of money in his hands. He was encouraged not to spend it at once, but to place it on deposit with the credit society, which thus became a "loan and savings bank." This deposit he could draw out when the time came for making considerable purchases or he could let it accumulate and ask for a short term loan for any unusual expenditure. In this way some credit societies became completely independent of outside borrowings. The savings of their own members and of people who lived in the village but were not farmers—the schoolmaster, the police and railway people—provided enough funds to meet all requests for loans.

It happened fairly often that in some areas there would be comparatively little new development in agriculture and people could save small sums steadily over a number of years, till their credit society had more deposits than it could use. Meantime in other districts, especially in market gardening areas, where there were



VILLAGE CREDIT BANK, CZECHOSLOVAKIA.

expensive new undertakings like irrigation systems and hothouses, the demand for loans would be much greater than could be met by local savings. This difficulty was solved by the formation of regional or national banks. The local credit societies were members of a regional bank in just the same way as individual farmers were members of the local society. They placed the funds, which they could not use locally, on deposit with the regional bank and they borrowed from the regional bank in order to make loans to their own members. In this way the savings of mixed farming districts would earn a reasonable interest for the farmers who made the deposit and at the same time would be used to provide glass or furnaces or irrigation pumps for the market gardeners.

Not all countries were successful in putting the whole of their farm finance on this independent and self-sufficient basis. In Germany itself, although the pioneers were all for self-help, the co-operative credit movement did in fact receive substantial loans from the Government.

This was partly because Germany was a country where the government always took a prominent part in social and economic affairs and had no great liking for independent action by the people, but also because the tremendous fall in the value of money, which took place after the last war, had nearly wiped out the savings deposited in co-operative societies and something had to be done if they were not to be completely ruined and unable to give further service to their members. On the other hand the co-operative credit movements of Czechoslovakia and the Netherlands, for instance, in Europe, or of Malaya in the Far East, were so far from requiring government assistance that they had themselves substantial investments in government securities.

One form of agricultural credit which is not dealt with by the ordinary credit society is mortgage credit—that is long term loans for the purchase of land or the construction of buildings, secured, not on the personal guarantee of the borrower and his friends, but by a mortgage on his land, that is by the pledging of real property which passes into the possession of the lender if the borrower defaults. It would obviously be difficult and risky to make long term loans out of money placed with the credit society on short-term deposit. The short-term depositor might want his money back at any time and the society could not ask for it from the long-term borrower. Such a society would also be embarrassed to find itself the owner of land which had belonged to a member who had failed to repay his loan. It is usual, therefore, to organise long-term land mortgage in a separate institution, sometimes co-operative, sometimes governmental, occasionally receiving deposits from regional co-operative banks, but not solely supported by them.

Another form of agricultural credit is the loan, generally long or medium term, to a co-operative society such as a creamery or store engaged in processing, marketing or the supply of agricultural requirements. Such a loan may be

needed to build the warehouse or creamery, to instal the necessary machinery, or to buy raw materials. In some countries 'the ordinary municipal or' commercial banks will supply money for such a purpose. In others the government makes loans available through regional co-operative credit banks. In others special co-operative banks are set up for this purpose, the members of which are co-operative creameries or warehouses, not individual farmers.

In many countries the organisation for short term co-operative credit was only a first step. It was soon noticed that all the members asked for small loans about the same time and for the same purpose—perhaps to buy seeds or fertiliser in the spring or feeding stuffs for animals in a hard winter. Each would then order a small quantity from the same or perhaps a different merchant. They might drive a better bargain by paying cash than if they had bought on credit, but they still paid retail prices and high transport costs and they could not afford to have the seeds in each small parcel tested for purity and germination (that is for the number of seeds which could be counted on actually to sprout), nor the fertilisers for the chemical content which gave them their value.

It was soon clear that it would be much more satisfactory if, instead of making a small cash loan to twenty different farmers for purchase of fertilisers, the secretary of the co-operative society were to order the same quantity of fertiliser at wholesale rates from a single large firm, which would be prepared to submit to the necessary tests and give guarantees of quality, and could despatch by truck to the local railway station. The members of the society would then be warned to meet the train with their carts and help unload the truck and carry home their own share. On the books of the society they would still be shown as having drawn a cash loan, though it would be smaller, because the purchase had been made at more favourable rates, and they would still repay it in

cash when the crop was sold. The first step had none the less been taken towards organising co-operative supply. The next step would be the replacement of the wholesaler by a regional purchasing association or co-operative warehouse. Of this, however, more will be said in another chapter.

The co-operative credit movement spread far beyond Germany or even Europe. It became the foundation of co-operation in India, where the moneylender had become the tyrant of the village and where people lived from hand to mouth with no chance to practise thrift or better husbandry or to improve their standards of living. It spread to Malaya, where at first it was of less interest to the peasant than to the estate labourer and the man in the lower ranks of the civil service or the police. Such people found co-operative credit banks an admirable means of saving a part of their salaries, either to send home to their families or against some heavy expense in the future. The organisation was thus more a savings bank than a loan society, a proper development where the members received regular wages and did not have to invest money in raw materials or machinery in order to carry on the business of getting a living. It was still possible to get a loan, which might be for a "provident" as well as for a "productive" purpose. A provident purpose includes buying a house, paying a surgeon for an operation or sending a son or daughter to college. It does not include expenditure on mere pleasure or display or even ordinary housekeeping expenses, which should come out of a man's regular salary if he is to remain solvent. It may, however, include a loan to repay old loans obtained from moneylenders at extravagant rates of interest. By paying off such debts, and leaving the borrower with one loan only, made by his own society on clearly understood terms and at a reasonable rate of interest, he is enabled to make a fresh start and gradually get his affairs on to a sounder footing.

The principle of providing provident loans as well as savings banks for salaried workers has developed further in the United States, where "credit unions" have been formed in numbers of large factories, stores and offices, among miners and railway workers, and have had widespread success. So strong had these credit unions become that they survived the great depression of the early nineteen-thirties with hardly a failure, while the private banks of the United States were closing daily.

In Africa the credit movement is in its infancy. There are good local societies in Nigeria and elsewhere, but the great mass of peasant farmers have hardly realised what they could do by pooling their savings and financing their plans for crops and livestock through co-operative credit. Nor have the civil servants and employees of West or East Africa yet followed the example of Malaya nor the mine workers of South Africa that of their fellow workers in the United States of America. Such developments, however, take time, and the growth of real co-operative conviction among at least a small group of active people.



CHAPTER V

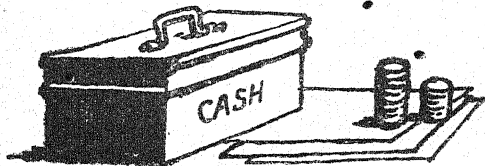
CONSUMERS' CO-OPERATION: THE ROCHDALE MODEL

THE factory system developed earlier in England than elsewhere, and though it brought wealth to the country it also brought much suffering to the people. There was complete economic freedom, and freedom to get rich also meant freedom to exploit others in the process. Wages were low, hours of work long, conditions unhealthy and housing miserable. Moreover wages were often paid through "truck shops" owned by the factory, in the form of poor quality flour and groceries at very high prices. There was, however, no difficulty in getting workers to endure even these evils, since the change-over from hand work to machines meant that fewer people were needed to carry out each piece of work, and there was widespread unemployment. In addition the movement to turn what had been common lands into private property and to make a few big farms in place of many small farms meant that many former small farmers and their sons came to seek work in the towns.

Not all employers thought only of getting rich. Among those who considered something besides their own pockets was Robert Owen, a Welshman, who started life as a penniless shop assistant at the age of twelve, and by hard work, enterprise and organising ability became, at little more than twenty, the owner of a group of woollen mills. He saw clearly the evils, as well as the benefits, of the factory system and he planned his own mills and the village in which his workers lived as a model community with social services, as, for instance, the care and education of children, far in advance of his times. He went further

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and imagined, and afterwards described in books and lectures, the ideal community, in which the people would be their own employers and would distribute fairly among themselves the rewards of their labour, or use them to provide benefits for the whole community. Owen made many converts and some of them attempted to put his ideas into practice and founded co-operative communities in England, Ireland and the United States. Owen's mills and model village had been a business and a social success. The communities were not. Probably their founders had thought too little of the need to find some really productive enterprise to provide the necessary wealth on which the community could live in reasonable comfort. They had certainly over-rated the capacity of ordinary people to put their whole lives at the service of one another, however anxious they may be to make the experiment. None the less, Owen's ideas went on working in many minds, like yeast in dough, and to the dispossessed factory workers they seemed to hold out the only hope of a better future.

The town of Rochdale is much like all the other small Lancashire mill towns. It is huddled in a hollow, and its narrow, cobbled streets run up and down steep hills. It has no beauties and the moist air is apt to be full of the smoke of the factory and chimneys. Both men and women work in the mills, but the women are good housewives and take a pride in home-baked bread and bright brass-work. Rather over a hundred years ago the town of Rochdale was passing through a time of severe unemployment, which, in days when there was no insurance and wages were too low to allow anyone to save money, meant hardship and hunger for most of the population, even those still at work, since many had unemployed relatives to keep alive.

Among the more thoughtful and serious of the Rochdale working people the books of Robert Owen circulated and were earnestly discussed. A group of twenty-eight flannel

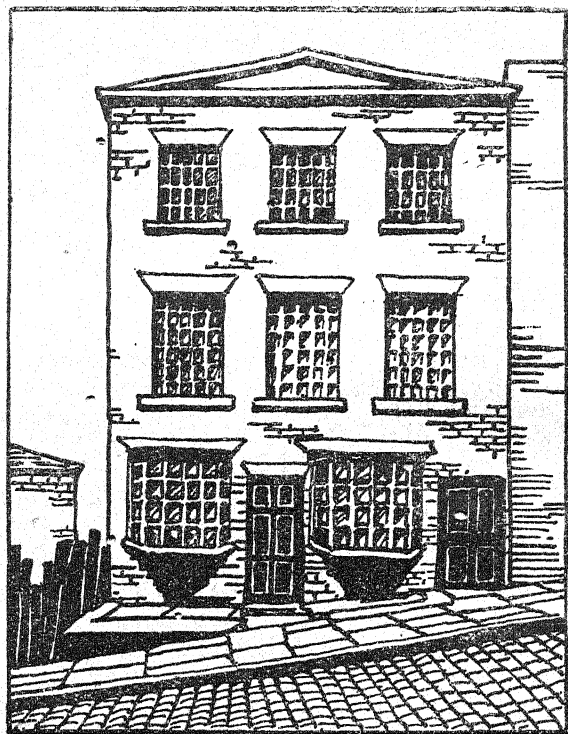
weavers were, in particular, strongly drawn to the idea of forming a co-operative community, which would own its own mills and farms, its own houses and schools, and provide all the needs of its members without suffering the domination or providing the profits of a capitalist employer. But these Lancashire weavers were hard-headed as well as idealistic. They knew they had no money to buy land or machinery, and little prospect of getting it unless they could make some change in their circumstances. They could, of course, strike for higher wages, as they had done in the past, but in times of unemployment other men would probably take their places, and along this road they would not get far.

There remained the way the money was spent. They all knew the high prices, the poor, adulterated goods, the long credits and high rates of interest of the truck shop kept by the factory owner, at which he often compelled his workers to spend their wages. The small shopkeeper did not treat them much better. Why not start, as their first community enterprise, a small co-operative store of their own, which would sell sound, wholesome food at low prices and so enable them to save something for the bigger plan? They had to save something even to open a store, and it took two years with contributions of twopence a week to get together the necessary capital. Finally, a little shop in Toad Lane, Rochdale, was rented; tea, sugar, flour and a few other things were bought, and on Christmas Eve, 1844, the Rochdale Equitable Pioneers took down their shutters.

The idea of a co-operative store was not absolutely new. There had been a few similar attempts elsewhere, but none of them had succeeded for long. What was new (apart, perhaps, from the unusually good team of men and women who formed the Society) was the limitation to something actually within the powers of those taking part, that is, the provision of food at fair prices and without profit; and secondly, the skilful way in which

the rules and operating methods of the Society had been devised.

It was laid down that all men and women of good character should be free to enter or leave the Society, that all should share more or less equally in the responsibility for financing its activities, that each member should have one vote only in the meetings which decided the



CO-OPERATIVE STORE, TOAD LANE, ROCHDALE.

policy of the Society, that there should be no political or religious controversy and that all profit should be distributed to members in proportion to their purchases from the Society.

This last was a great discovery. The ideal of all such co-operative societies is to sell goods at the cost, of production, but in practice this is very difficult. A miscalculation is easy, and the society may find itself with a loss at the end of the year. Moreover, private competitors are enraged and probably start a price war. On the other hand, a co-operative society making profits has defeated its own end. It can, of course, use them as reserves or to expand the business, but rapid expansion may not be wise, and large reserves are a temptation to members who vote for an immediate shareout and so end the society. On the other hand, to distribute them in interest on shares would only be to imitate the joint stock company and to favour those who had money to invest at the expense, for instance, of the parents of large families who were heavy purchasers but were not able to save. The "dividend on purchase" provided the way out and contributed enormously to the success and stability of the society. More, it was imitated by all the other British co-operative consumers' societies which came after, and became part of the normal practice of the movement throughout the world.

The Rochdale Pioneers had adopted an inspired title, for they were followed by many others into the new world of co-operative shopkeeping. First societies sprang up thickly in the industrial North among the mining villages and the cotton and woollen towns in the narrow dales of Lancashire and Yorkshire; later, they spread to the light industries of the Midlands, later still to London, to the seaport and shipbuilding towns. Finally they reached out into the country and sought members among the farm labourers and villagers. To-day few new societies are formed, because the ground is already covered.

Rather, numbers diminish as neighbouring societies amalgamate and pool their resources and services. Membership, however, goes on increasing, and in 1944 stood at nearly 9,000,000, so bringing within the scope of the British Co-operative movement something like one-third of the population of Great Britain. Sales in the same year stood at between two and a half and three hundred million pounds and covered not only groceries and flour, but fresh milk, meat and vegetables, clothing and shoes, and almost every kind of household furnishing, besides things like bicycles and gardening tools.

Less than twenty years after the Pioneers had opened their shop the societies, still individually small, but already numerous, began to feel the need for some central buying agency, to make purchases on a larger scale and at lower prices than they could secure if each society went separately to the manufacturer or importer. The result was the Co-operative Wholesale Society, founded at a meeting held in a little office under a railway arch on Christmas Day, 1860. It was really only an extension of the same idea as that of the original co-operative store. The local society bulked the orders of the individual household and bought and sold on better terms; the Wholesale bulked the orders of the local societies which became its members and contributed to its share capital in proportion to the number of their own members. As in the local society, any profits made by the Wholesale went back to the local societies in the form of dividend on purchases. At the quarterly meetings and elections of directors the delegates of societies vote in proportion to the membership they represent.

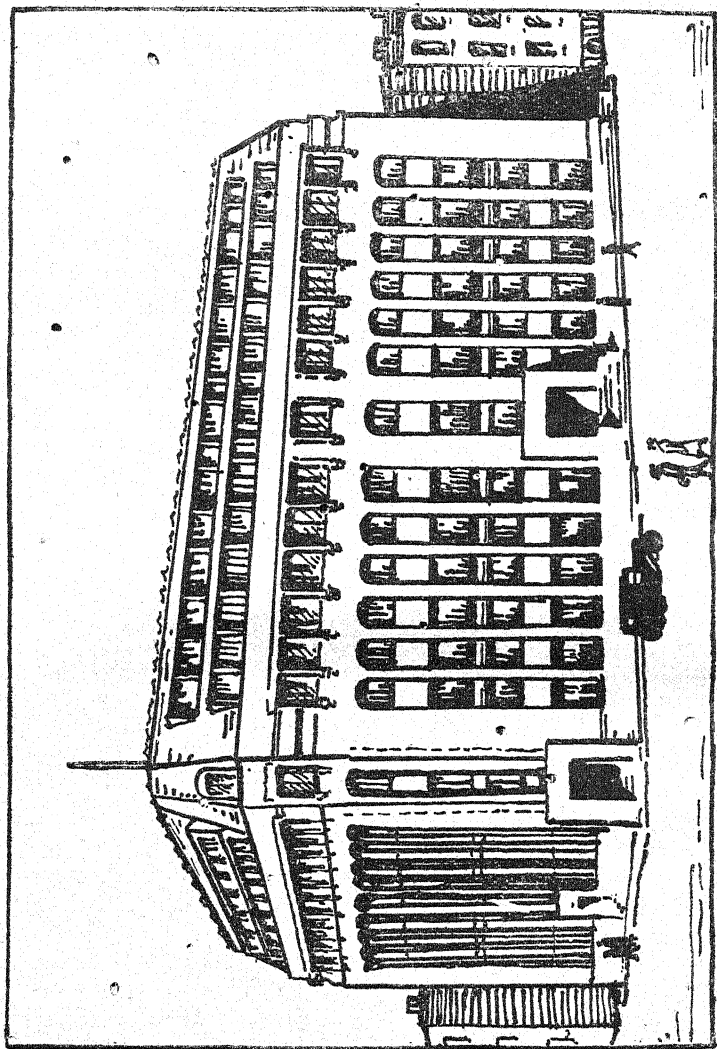
The Co-operative Wholesale Society did not content itself merely with purchasing from other firms. It soon began to manufacture on its own. To-day it is the largest flour miller in Great Britain. It owns the great African Oil Mills for the crushing of oilseeds and the production of margarine and cattle cake. It has soap, jam and paint

factories. It makes furniture, hardware and tools. It has great milk pasteurising plants and produces butter, cheese and bacon not only in Great Britain but also in Ireland and Denmark. It owns tea plantations in India and Ceylon. It has become an importer on a large scale with offices in the United States, Canada, West Africa and several European countries. In 1942 its sales amounted to £130,000,000.

Not long after its formation the Co-operative Wholesale Society began to find the need for some sort of banking service to carry on the financial side of its business with member societies. It therefore opened a banking department which at first served only for trading purposes, but soon began to attract the investments of societies with capital for which they had no immediate use, as well as the deposits of individual members and the funds of trade unions, friendly societies and similar bodies. This capital in turn helped the Wholesale Society to acquire property, build premises and plant and hold large stocks of goods.

If the Wholesale Society and its counterpart, the Scottish Co-operative Wholesale Society, are the business centres, the Co-operative Union is its headquarters for propaganda and defence, for education and for decisions on policy. Every year the Co-operative Congress, attended by some two thousand delegates, is held in a different city of England, Scotland or Wales, a detailed report of the year's work is considered and plans for the year to come and resolutions on co-operative and national policy are argued and put to the vote. Each delegate speaks and votes, not as an individual, but on the instructions of his society, in the committee of which the business before the Congress has previously been discussed.

This is only a brief sketch of a very large and complex organisation. Nothing has been said of services like the Co-operative Insurance Society or the educational and propagandist bodies like the Women's Co-operative



PART OF THE OFFICES OF THE CO-OPERATIVE WHOLESALE SOCIETY, LONDON.

Guild, which has done so much to keep the movement active and abreast of the times, or the Co-operative College, at which the employees of the movement as well as a number of students from abroad are trained. Still less has been said of all the patient work put in week after week by the unpaid members of management committees, almost always working men and women, meeting after their day's work is done to discuss and decide everything from the opening of a new branch to the dismissal of a pilfering errand boy, from the rate of dividend on purchases for the next six months, to the new oilcloth for the office floor. The movement owes much to the devotion and efficiency of its paid managers and employees, but even more to its volunteer committees and chairman who, without previous business experience, took the responsibility and learnt the methods of running business organisations that grew steadily in size and prosperity.

The British Consumers' Co-operative Movement does not stand alone. Largely under its inspiration similar movements grew up in the latter part of the nineteenth and the early part of the twentieth centuries in all European countries, but especially in the industrial regions of France, Germany, Czechoslovakia and the Low Countries. Sometimes, as in Finland, Denmark or Hungary, the movement was more rural than urban; the stores were in the villages, and flour, kerosine, matches, working boots and clothes were of more importance than groceries and certainly than fresh milk or meat. In some countries it was the civil servants, including the employees of the State railways and mines, rather than the factory workers, who made the first move. Outside Europe, consumers' co-operation has made less progress, though there are societies in Canada, the United States, Australia and New Zealand. So far not much attention has been given to adapting the idea to Colonial conditions, although the Co-operative Wholesale Society has opened co-operative stores on its tea estates in Ceylon. Obviously

the African or West Indian cultivator has problems of purchasing for his family different from those of the industrial workers of Europe. That does not mean that consumers' co-operation is not for him. It means rather that he must look at the European example critically and decide just how and with what changes it can be made to meet his needs.



CHAPTER VI

THE WORKERS' PRODUCTIVE SOCIETY.

As we have seen, the idea of self employment has always been at the back of co-operators' minds. The self-contained community was the ideal of Owen. The Rochdale Pioneers hoped one day to build their own factories and work in these factories themselves. In fact the consumer movement went a different way to work. The Co-operative Wholesale Society did build factories, but it did not employ its own members. It engaged ordinary workpeople at ordinary wages. These people were generally trained in co-operative principles and felt great loyalty to the Wholesale Society for which they worked, but they did not own it themselves.

There were, however, some groups of workers in Great Britain and elsewhere who kept to the original idea and determined not only to spend their wages co-operatively but also to earn them co-operatively. In the English Midlands a number of villages and towns are largely occupied in making boots, shoes and stockings. Towards the end of last century some of the workers who found conditions hard and wages low in the privately-owned factories, got together and formed co-operative societies, subscribed capital to hire a workshop and to buy the necessary machinery, leather, thread and other raw materials and began making shoes on their own. The undertaking was managed through an elected committee; the workers paid themselves wages and, after the usual contributions to reserve and to educational funds, distributed any profit at the end of the year in proportion to wages, that is, to the service given by each member to the society. Groups of printers in London and Manchester

formed similar societies and so did the workers in a few other trades. These societies still exist and have a federation, conferences and a monthly magazine of their own.

It is, however, worth noting certain points about them. In the first place the two trades which have been most successfully carried on by workers' co-operative societies, shoemaking and printing, are both trades with a very high proportion of skill and rather a low proportion of expenditure on machinery and raw materials. Highly-skilled men are likely to be highly intelligent and long apprenticeship encourages workers to spend their lives in the same industry without the frequent changes of the casual, unskilled labourer. On the side of capital, even the comparatively modest demands of these industries for building workshops, buying machines and raw materials would hardly have been met out of the workers' own savings if the Co-operative Wholesale Society and the big local societies, which bought shoes for sale to their members, or had annual reports and weekly papers to be printed, had not been ready to invest money in the shoemakers' and printers' societies. This brings in the third point of interest, namely, that the consumers' co-operative movement provided not only capital, but a steady market for the goods produced. It is noteworthy that an attempt to form co-operative societies of builders, to take advantage of the rush to put up new houses in England just after the last war, broke down after a time, because the workers could get contracts to build, but they could not get money enough to pay in advance the very high cost of materials and wages and then wait until the building was finished before getting their money back. For this reason most of the building societies failed, causing great disappointment.

In France the workers' productive co-operative movement is somewhat more widespread than in Great Britain, but it is still limited to light industries and skilled trades.

We meet our old friends the printers and shoemakers, but also some of those working in metals as, for example, men making lamps and stoves, tailors, quarrymen working in fine stone used for ornamental carving, glaziers and carpenters. One of the most interesting of all the French workers' co-operatives is the Society of Makers of Precision Instruments. This was set going by four unemployed precision instrument makers in 1886. So small were their resources that when after long waiting, they got their first contract for the making of a microscope, the secretary of the society had to pawn his dining-room furniture in order to buy raw materials. From these small beginnings the society grew and prospered till it came to include several hundred members and to own a large, many storeyed factory in Paris. It makes not only microscopes, but telephone and radio equipment, scientific cameras, compasses and many of the other complicated instruments needed by modern aircraft. Most of the new telephone exchanges in the cities of France devastated during the last war were re-equipped by this society. A peculiarity of the society is that all its workers who are members (there are some unskilled workers who are not members) are paid the same wages whether they are making instruments or acting as manager, secretary, salesman or buyer. Indeed, the offices of manager and cashier are allotted to different members in turn and are not always gratefully received, as many men prefer exercising their skill in the making of delicate and intricate instruments to taking responsibility for management and finance.

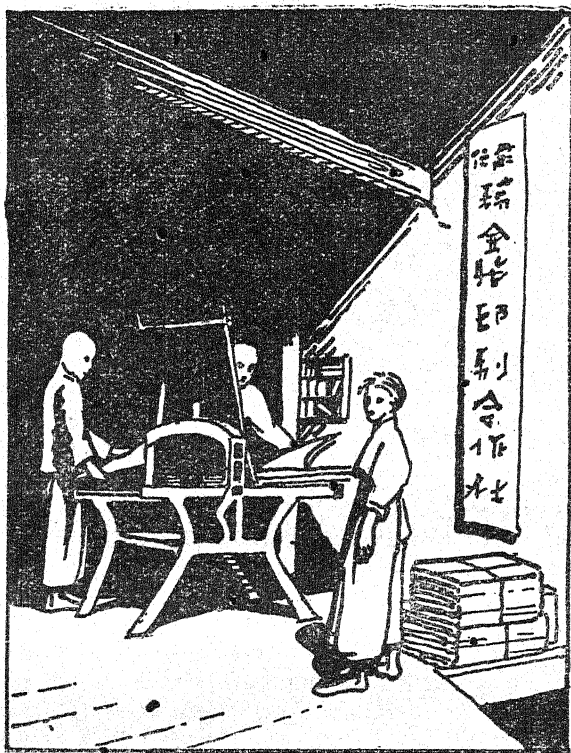
In France the problem of finding a market for the products of co-operative societies has been solved rather differently from that in England. Instead of regular purchases by consumers' societies there were contracts from government departments and municipalities. The largest tailoring society, for instance, made most of the postmen's uniforms. The brassfounders made lamps for the railways. The equipment of telephone exchanges

has already been mentioned. Initial loans for the purchase of raw materials were also available from public funds.

In some other countries it is rural rather than urban industries which are carrying on co-operatively. There is, for example, a district in Yugoslavia which for generations has specialised in making fine horsehair sieves. The horsehair, which comes from as far away as Asiatic Russia, is bought co-operatively, distributed to the peoples' homes, woven into sieve cloths and then sold co-operatively.

In Russia the system of co-operative manufacture has been carried further than in Western Europe. Heavy industry is nationalised, that is to say it is owned and managed by the State. But light industry is organised in "artels," or co-operative societies, in which the workers undertake management and discipline and divide the profits or losses. All these artels carry out their work as part of the State production plan—raw material is allotted to them and the types and quantities of product laid down fairly strictly. They may or may not be working, like the French co-operatives, on contract, for an actual government department. A tailor's artel may be making uniforms for the Red Army or they may be making clothes for office workers to be sold through one of the State shops in the cities. They may also be making clothes for the rural consumers' co-operative societies which handle all the distribution of goods to country people. They may even be altering clothes to government order, as when the Soviet Government ordered a number of garments in traditional style for the peasants of a distant province and then found they had grown modern and would buy nothing but up-to-date fashions.

The industrial co-operatives of China, set up in the course of the great withdrawal from the invading Japanese, had something in common with both the Russian and French societies. Their purpose was twofold—to give employment to the mass of refugees who crowded into the unoccupied part of China, and to provide uniforms, shells,



CO-OPERATIVE PRINTING PRESS, CHINA.

small arms and other types of the simpler military equipment for the Chinese armies. They were often hastily organised by people who had only a small knowledge of co-operative or indeed of business principles, but they have done notable work in keeping Chinese people at work and Chinese armies in the field, and it is probable that part at least of Chinese industry will continue to be carried on in this way.



CO-OPERATIVE SILK MILL, BULGARIA.

In other countries the co-operative organisation of industrial producers has not taken the form of co-operative factories. It has rather aimed at helping the skilled craftsman working on his own, either by making him small loans exactly as they are made to agricultural producers, or by purchasing raw materials wholesale on behalf of a group of men in the same trade. Sometimes also, as in agriculture, there is co-operative sale of the product, with the advantage of collective bargaining. Societies of these types, particularly those making loans and providing raw materials, were well established in Central and Eastern Europe before the war. They did not give rise to a very strong co-operative spirit or interest in the ideals of the movement. They were useful as a support for the small craftsman and trader in a world where large-scale factory industry was growing more and more important and had almost every technical and

scientific argument in its favour. It is doubtful, simply on account of the greater efficiency of the factory, whether this particular form of co-operation has much future. It seems more likely to merge into something nearer the French, Russian or Chinese model.

At the same time there is nothing wrong with the idea, or even, where full consumers' co-operation is not possible, with the notion of a co-operative wholesale society of small retail traders formed to supply themselves with sound goods at fair prices, which they can sell, also at fair prices, to their neighbours in the village.

Perhaps this chapter may close with a few words about a special type of workers' productive society—the fisherman's co-operative. Deep-sea fishing to-day is mainly carried on in large vessels owned by private companies, but much inshore and river fishing is still carried on by independent fishermen in their own small boats. They have been called the "smallholders of the sea" and indeed their position is very like that of the peasant farmer. They have to buy their nets, ropes, sailcloth, timber and bait weeks or months before they earn anything from the sale of fish. They have to keep their families fed. A co-operative credit bank or a store selling fishing gear and fishermen's clothing at reasonable prices can help them as much as or more than the farmer. They have to sell their catch, which spoils very easily unless it is dried, canned or frozen, in a highly competitive market, dominated by large firms. A co-operative marketing society, perhaps a co-operative cannery or cold store will make all the difference to their position. Such enterprises already exist in the countries where fishing is most important, in Norway, Iceland, Great Britain and Canada, as well as among the river fishermen in Russia and Rumania. In some cases co-operation goes a stage further and the actual fishing becomes a co-operative enterprise carried on in a co-operatively-owned vessel.

CHAPTER VII

CO-OPERATIVE SERVICES: HEALTH, POWER, COMMUNICATION

IN the previous chapters something has been said about all the main types of co-operative trading and banking society. There are, however, a large number of co-operative societies doing excellent work which have nothing to do with trading or banking. These can best be called "co-operative services," but they need to be described in detail before their importance can be understood.

Yugoslavia before the war was, on the whole, a poor country with few industries or sources of wealth outside agriculture. Although there were rich plains growing wheat and maize and sugar beet in the Danube valley, much of the country was mountainous, with few good roads or railways and no large towns. It had been for many centuries subject to foreign rule, largely to Turkish rule, which was arbitrary, backward and frequently cruel. The Turkish provinces had won their freedom more than a hundred years ago, but it was only by the peace settlement of 1918 that the other regions were liberated from the Austrian Empire and joined to form modern Yugoslavia. In that war, as in the second World War, the country had suffered from invasion and occupation by the enemy. Battles had been fought over it. People had been driven from their homes to the mountains and their villages burnt. Animals had been slaughtered and fields left untilld. Famine had followed and people had died of starvation or of the diseases that go with famine and war—typhus, malaria, tuberculosis. When the war ended and people straggled back to rebuild their ruined

villages, they carried disease with them. Tuberculosis spread through the reunited families and men and women were laid up with malaria at the time when they should have been actively ploughing and sowing. The work was half done and the next harvest was less than the land could have borne. Food supplies suffered and shortage of food led in its turn to further weakness and disease.

During the worst years British and American medical units had done what they could to treat the sick and prevent epidemics from spreading, and a number of young Serbian doctors had worked with them. There were, of course, established medical practitioners and a few hospitals in the towns, but in the country, apart from the foreign relief workers, who had come for a time of war and would soon go home, there were hardly any medical services. The Serbian doctors began to ask themselves how they would face the health problems of the future and what plans a poor country could make to deal with them. They knew that co-operation among farmers for credit, supply and other purposes had been a success and they began to consider whether the same methods could not be applied to promote health. It might even be easier to get the peasant to make an effort to look after his own and his family's health if it were linked in his mind, not so much with his personal comfort, as with the success of his farm. A strong ploughman is just as important for the spring sowing as a strong horse or a good plough, and co-operation might provide all three.

From such ideas, spread tirelessly among the country people by a small group of Serbian doctors, grew the Health Co-operative Societies which have spread all through Yugoslavia and have been imitated in other countries. Each society serves a group of villages—perhaps five thousand people. By voluntary labour and the loan of bullock carts, the villagers get together and build a dispensary, living quarters for a doctor and perhaps a

small hospital ward. Each family pledges itself to a small monthly subscription. The government of Yugoslavia is prepared to supply on loan the necessary minimum of instruments and equipment. The next step is to invite a young doctor to live at the newly built "Health House" and to guarantee him a salary. This salary does not depend on the number of patients he treats. The subscribing families are entitled to free consultations. For medicines, for visits to their homes, for the delivery of a child or for an operation they pay a small fee which goes into the funds of the Health Society. They are encouraged to come for consultation before any serious illness has developed. The emphasis is always on health, not on disease.

The doctor—and very often it is not one but two doctors, husband and wife—is not only expected to treat the sick and advise the individual; he is also public health and sanitation officer for the district. The water supply is often poor and polluted or water has to be carried by the women for long distances to the cottages. At the suggestion of the doctor and by a decision of the Committee of the Health Society, members come once more with spades and bullock carts and dig wells, build channels or lay pipes in which the water can flow cleanly to points from which, if they are not actually inside each farmhouse, the women can at least fetch it without heavy labour. It is the same with the disposal of household sewage and the safe keeping of stable manure where it cannot foul drinking water. Sometimes there is an additional reason for controlling water, for stagnant ponds and marshes breed mosquitoes and with them comes malaria. One Health Society not only drained a marsh, but ran the water through a clean rivulet into a bathing pool for the villagers.

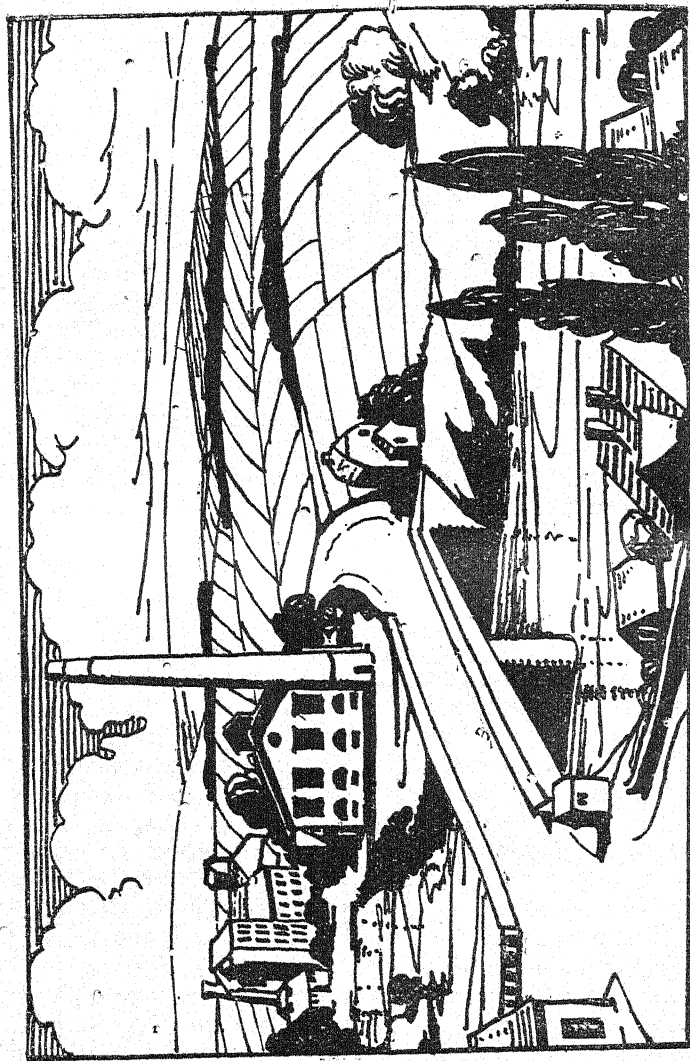
Again the doctor is expected to give health instructions to the women of the village and arrange classes in simple household management for the girls and in gardening and poultry and rabbit keeping for the boys. This last is

linked up with health because fruit, vegetables and poultry mean better food for the farm family.

Before the war the Yugoslav Health Societies had spread far and wide. They had given people, who had hardly seen a doctor before, the opportunity to have their complaints treated; they had organised hospitals; they had promoted public hygiene and carried out widespread inoculation against the more dangerous epidemics. Much of their work has probably been destroyed during the second World War and the occupation of Yugoslavia by Germans and Italians, but there is little doubt that it will be revived to deal with just those conditions of post-war disease and misery which first brought it into being.

The Yugoslav Health Societies do not stand quite alone. In America there have been a number of successful experiments in "group medicine" and "social medicine," which are on much the same lines although the members are actually townspeople, not farmers. There are co-operative health societies in India, including some formed with the special object of fighting malaria.

Health is not the only service which has been carried out co-operatively. In many countries electric light and power were installed in the towns long before they reached the country. In villages, where houses stand apart in their own gardens and among scattered farms, often not on a main road, electric transmission is expensive, and as the villagers cannot pay higher rates than the townspeople, private electricity companies tend to leave the country alone and use all their resources in the towns where they can earn higher profits. Many countryside are still without electricity, but in Czechoslovakia, France and other countries the villagers were not to be left behind with mere lamps and candles and farm machinery turned by hand. Power stations existed, either where rivers had been dammed or where coal was abundant. It remained to bring the current to the villages, to step it down to a



CO-OPERATIVE POWER STATION, MILL AND GRANARY, CZECHOSLOVAKIA.

voltage suitable for lighting cottages and driving chaff-cutters and cream separators and to provide first the wiring and switches for cottages and barns and then the actual lamps and apparatus.

All this was done through co-operative societies of consumers of electricity, who took up shares, borrowed, if necessary, for the first heavy expenditure on high tension lines and transformers, and agreed to pay the cost price of wiring and apparatus in their homes and farms, and later to buy the current they needed from the society. It was rare for a society to generate its own current, though that, too, was part of some electricity societies' undertakings. More often the societies bought current from one of the existing private or municipal power stations. At the same time they joined together to form a co-operative wholesale society for the purchase of all the materials, instruments and fittings necessary for the local distribution and use of light and power. They were not interested only in the home or even the farm. They supplied current to rural industries, often co-operative concerns such as mills and creameries.

Progress on these lines seems to provide an answer to one of the most difficult questions of country life. Where farms are small and families large, what is to become of the extra people for whom work cannot be found on the family farm? If they go away to the towns they may merely join the ranks of the unemployed and in any case family and village life is broken up. If they stay at home they have a house and their relations and friends around them, but they have nothing to do. Even if there is no machinery on the farm there is still not enough work to keep every one busy. If the farm is modern and well-equipped there is even less to do. Generally the small farm is not well-equipped nor producing crops on which most labour can profitably be spent. The cash income is not enough to provide for every one and so the family gives up the attempt to grow for the market and uses the

land, very often wastefully, simply in order to grow enough food—mostly grain and potatoes—to keep themselves alive. The standard of living falls to bare subsistence. But if a local industry is started, helped by cheap local power, then the position is very different. Only so many of the family as can really work profitably on the farm remain agriculturists and they can devote themselves to getting the most out of the land by the most modern methods, that is, by intensive farming. Meanwhile the other members of the family find work in industry and bring in weekly cash wages. The factory may itself be co-operative, as in the case of the knitting factories which exist in some of the Irish villages. Sheep are kept and the members bring in wool for sale which is washed, carded, spun, dyed and afterwards knitted into stockings, gloves and jumpers by the daughters of the men who owned the sheep. Something was said in an earlier chapter about industrial productive societies. Co-operative electricity is likely to carry the story further in the next ten or twenty years.

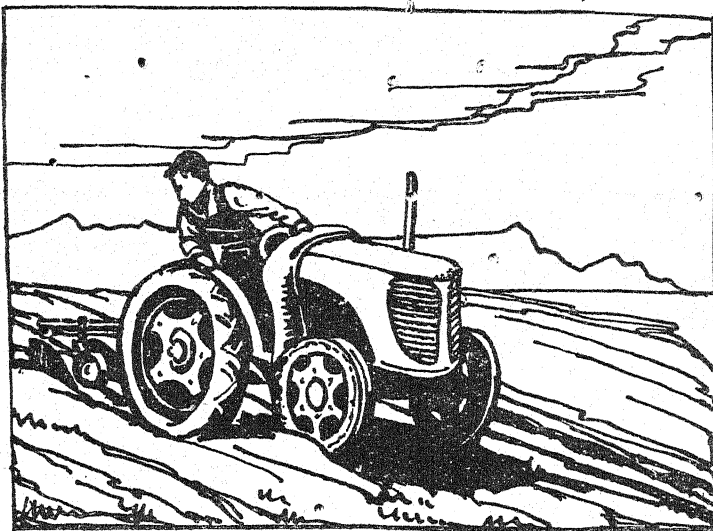
Another set of co-operative services are those dealing with transport. It may be a co-operative bus service to carry people into the nearest town or their children to school. It may be a co-operative boat or ferry service where there are people living on islands or along the banks of a large river, or it may be a carrier service which owns lorries, pays drivers and takes agricultural produce to market for a number of farmers. All these have been tried with success in some country or in more than one. Rural telephones are another co-operative service. They are run somewhat like the electricity services, with the co-operative purchasing of wiring and instruments, and like the bus services, they keep people in touch with one another, help on farm business and make the solitary farmhouse less lonely.

Land drainage and irrigation have always been co-operative except on very big estates, for rivers and canals

pass through the lands of many farmers and unless they all undertake to keep their own stretch of the channel clear of weeds and to open and shut their sluice gates on a plan agreed with their neighbours, the system will not work; there will be floods and droughts, crops will be spoiled and the whole community will quarrel. Indeed, it is said that in dry countries people quarrel more about water than about anything else. In the Netherlands, so much of which is below sea-level and only kept dry by pumping, "water societies" have existed for many hundreds of years. They own pumping stations and bind their members by the strictest rules as to the upkeep of their own canals and sluices. In other countries where there is not too much water, but too little, it is the fair sharing of that little among the thirsty crops of hundreds of smallholdings that calls for co-operative action.

Most people agree that even in countries where there are more people on the land than can be properly employed and where, consequently, labour is cheap, it is not really an advantage to keep people doing things laboriously by hand which could be done better by machines. Besides, not all machines take the place of men. Quite a number take the place of work horses or oxen. Keeping a horse on a small farm may mean that so much ground is taken up growing hay or oats to feed the horse that not enough remains to provide a living for the owners of the farm. Moreover, the horse may only be needed for work at a few seasons of the year, while he has to eat all the time. In such cases a tractor, which does not eat and only burns oil while it is actually working, might suit the farmer's purpose better. Now, however, comes a second question. The farmer has only a small patch of land. Is he to have only a small tractor? There are such things. They are often used by market gardeners in Europe and America. Or is he to have a share in the use of a big tractor, co-operatively owned and worked?

There may be several answers to this question, depending



CO-OPERATIVE TRACTOR, GREECE.

on the size of the farm, what is growing on it and how much money the farmer has to spend. Even if the small tractor is the right answer, it should be bought through a co-operative society. If the large tractor is the answer then quite a special type of co-operative service society is wanted to run it successfully. Co-operative ownership of agricultural machinery was not very popular among farmers before the war. But then it was thought of as ownership only. The society simply lent out machines to members as they were wanted. There were, of course, disputes as to who should have them first, how long they should keep them, who was responsible for breakages and careless use. Dishonest people felt that they were the society's machines and not their own, and did not take the same pains to run them properly, to clean and repair them, or at least report breakages. When anything was

found to be wrong it was always the last borrower but one who was said to have done it.

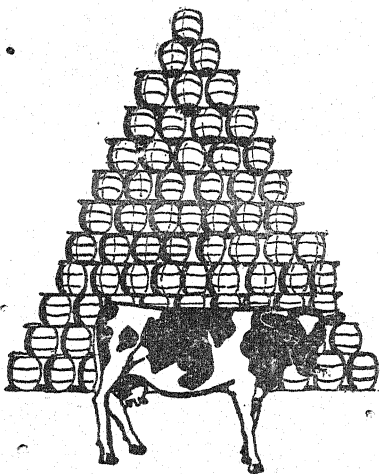
During the war, however, the need to plough up much more land, to get food crops at all costs and to carry through harvesting quickly while fine weather lasts, has led to greater use of heavy machinery on a co-operative plan. Now, however, it is understood that it is not possible to lend out a single machine among a group of individual farmers. Instead, there is a complete set of machines, tractors, ploughs, harrows, reapers, potato lifters, with their own petrol stores and tank trailers, their own experienced drivers and mechanics and their own repair shops, sometimes also mounted on lorries, so that they can do repairs in the field. With a unit like this it is possible to plan the agricultural operations of a whole district, so that every farmer's ploughing and cultivating is done at the right time and in his fair turn and all the machines are properly overhauled between every job. This plan will probably continue and be more widely used in future.

Yet another form of service is the establishment of breeding stations for livestock. A co-operative society may own a good bull, or boar or ram or a number of such animals. One member will be specially paid to provide stabling and care and to arrange for services. In this way good blood may in a few years be introduced into the herds of small farmers who could have never afforded to own a good sire of their own, and the quality of livestock in the neighbourhood and the quantity and quality of yields in milk, meat or wool gradually rises.

As a farmer's animals become more valuable their loss becomes more serious to him. He will take better care of them and he will want to insure against losses by accident or disease which he cannot prevent. For this purpose co-operative insurance societies have been formed in many countries. The farmer makes a small annual payment and if one of his valuable animals meets with

an accident he can claim compensation. It is also possible to insure against fire destroying farm buildings or stored crops, and against hailstorms destroying fruit and other plantations.

Other ideas for co-operative services may occur to the reader, indeed there are few of the needs of a village which could not be met in this way if people would get together to manage their own affairs.



PEDIGREE COW, WITH BARRELS SHOWING
HER PRODUCTION OF BUTTER.

CHAPTER VIII

CO-OPERATIVE FARMING

ALTHOUGH so much has been done to make the farmer's buying and selling, his banking and many of his services co-operative, it is still the custom in most countries in the world for his actual farm to be, if not his own property at least his to manage as he likes. In simple societies the owner may be the tribe, and grazing land is very often held in common and is grazed by the cattle, sheep or goats of the whole village, with a village herdsman in charge. But land with crops on it is more likely to be managed by a single family, and as society develops, improved meadowland also becomes part of the family farm, and only rough grazing or the more distant mountain pastures continue to be held by the village in common. Sometimes the old tribal ownership gives place to a modern co-operative society to manage and improve pasture, to prevent over-grazing, to irrigate, to destroy plants which have no food value for animals, or to supply skilled herdsmen. Sometimes, as in parts of Scotland, not only the grazing land but the flock of sheep may be managed co-operatively, since breaking up a flock of sheep which are used to running together lowers their value, and fencing, to keep small flocks from straying, is costly to build and keep in repair. When the flock or herd is managed co-operatively, then the wool, milk or meat is sold in the same way, and winter feed, or chemicals for sheep-dipping are co-operatively purchased.

But there are countries where the whole business of farming is on a co-operative or collective basis. Sometimes it is a short-term measure. In a number of countries, especially in Europe in the last fifty years, big estates, the

property of single landowners or wealthy farmers, have been broken up by the government into a number of small farms which have been handed over, on terms of easy payment, to the former labourers on the estate. Now the running of a big estate is very different from that of a small farm. The owner may not want to spend money on drainage or other improvements. He will keep all his livestock in one big stable and not have them scattered about. His labourers will live in one or two villages and there will be no need for solitary farmhouses or roads leading to them. The landowner may not even cultivate all his land; he may prefer forest, which costs less to keep up or swamps where he can take his friends duck-shooting. Very often when a group of cultivators take over an estate like that, they do not break it up immediately into small plots. They carry on the old large-scale cultivation for a year or two to be sure of having enough food, and in the meantime they form a co-operative society, not only to buy fertilisers and sell produce, but to carry out the drainage and irrigation, the building of roads, houses and farm buildings, the planting of vines and fruit trees. All this will be necessary before an estate which made money and gave pleasure to one rich man can be brought into a condition which will support, in reasonable comfort, a number of families with more modest ideas. After four or five years, when all these works and preparations are complete, then it is usually found that men want to manage their own little holding in their own way. They may be quite ready to buy and sell through the co-operative society, but they want their work and time, their land and animals, to be their own.

This is not always so. After the Russian Revolution in 1917 there was a move to break up the big estates and distribute them along the peasants. Some villages, however, preferred to keep the estate as one whole, and farm it on a co-operative plan, electing their own committee and director, deciding who should do which job

and when, what they should be paid for it and how any surplus should be distributed at the end of the year. Such an undertaking was, not easy, and the Russian peasants were inexperienced, had never undertaken much responsibility and often could not read or write. Probably a number of experiments failed. Some, however, succeeded, and in twenty years' time were among the best farms and the most prosperous and contented villages in the Soviet Union.

The Soviet Government in the meantime had been pushing ahead with plans to make Russia a great industrial country, independent of the outside world. That meant that more and more people were working in factories in the towns and needing to be fed, and that fewer people were left in the country to grow food for them. The Soviet Government also noticed that where the big estates had been broken up, farming was not so good as it had been under the old landlords, and the peasant was eating more of his own produce and taking less to market. The Soviet Government tried various plans. They pushed on the usual type of co-operation. They formed huge state grain farms. Neither was a full success. The ordinary co-operative left the peasant free to eat or to sell, to be careful and hard-working or careless and lazy. The state farms were unpopular because the peasant had no freedom at all, and it was difficult to get people capable of running anything so huge with real success. The Soviet Government decided on something between the two.

The collective farm consisted of all the people of a village and all the land they were accustomed to work whether in individual holdings or (before the Revolution) as part of an estate. It also took in all their livestock, both work animals and dairy and meat animals, and all their agricultural implements. Boundaries were swept away. All the pasture was in common and all the great flat fields of grain and sugar beet and potatoes. The collective farm

was managed by a committee elected by the villagers and the committee in turn appointed a manager and technical experts. The workers were divided into "brigades" and duties were assigned by the manager to different brigades, according to season and the work in hand. Payment was made to each man or woman according to the work done. Wages were worked out according to "work days." A work day was the average amount of work of different kinds which an average worker could do in a day. Milking so many cows twice a day might be equal to hoeing so many rows of sugar beet. A good worker might easily accomplish more than one "work day" between sunrise and sunset. A young or inexperienced worker might only manage half or three quarters of a work day in the same time. Wages, which were partly in cash and partly in food produced on the farm, would be paid according to the actual work done.

At first the members of the collective farm had nothing of their own except their wages and their cottages. The Soviet Government found, however, that this was very unpopular and later they allowed each family to keep a garden of two to three acres and to have one cow, which grazed on the common pasture, as well as pigs, poultry, rabbits and bees. Later there were complaints that when all this had been granted, the collective farmers spent more time looking after their own gardens and livestock than in working for the collective farm. Debates on this subject were still going on when the war broke out.

The collective farm is free to arrange its own work, but it is not free to decide what it will grow. The Department of Agriculture for the Soviet Union draws up a general cropping and livestock programme and the details are fixed by the agricultural departments of the republics, provinces and districts. Each farm is finally told how many acres of this and that, how many more pigs, how much milk, are to be produced in the next twelve months. The farm may criticise and suggest alterations, but these



COLLECTIVE FARM MEETING, U.S.S.R.

suggestions will probably not be taken into account until the following year's plan is made out.

At first each farm had its own machinery. Heavy machinery was very necessary, partly because there were fewer people on the land, more because there were fewer work animals, since many had been eaten at the time of the Russian famine and others had been killed by those peasants who were unwilling to give up their own holdings and enter collective farms. But it was soon found that giving tractors to each collective farm did not work well. The drivers were often inexperienced; there were not the mechanics nor the proper machine tools to repair the more complicated machinery. Machines which were required for the rush season might be idle at other times of the year. The next and much more practical idea was to form what were called Machine Tractor Stations which provide

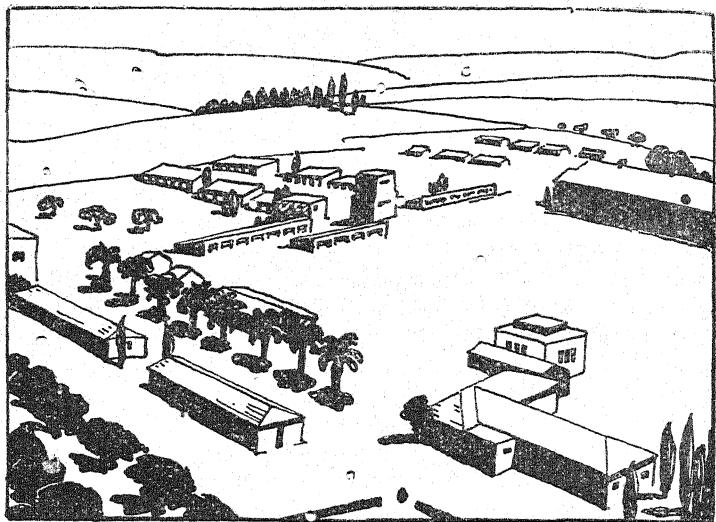
agricultural machines, drivers, mechanics and repair shops for all the collective farms in a district. When war broke out these same M.T.S. men became the drivers and mechanics of the armoured brigades of the Red Army. The Machine Tractor Stations belonged to the Government, but they were run in much the same way as the co-operative machinery pools in other countries. The main difference, apart from the fact that they were not owned and managed by the collective farms for which they worked, was that their services were paid for in kind—that is in the grain or potatoes or sugar beet planted on the land which they had ploughed and cultivated.

The collective farms also make another contribution in kind, which can perhaps be regarded as rent and taxes paid to the State. A part of the cereals or other crops grown on the farm must be delivered to the State, not for nothing, but at a special low price. The quantity is not fixed at some part of the actual harvest—half, a quarter or a fifth, or anything of the kind—but as a fixed quantity for each acre sown. This is a clever idea, because it encourages the farmers to work well and produce better crops. If they have a bad crop, practically all of it, after paying wages, may have to go to the State at the special low price. If they have high yields and a good crop, quite a lot may be left for sale on the free market, to consumers' co-operative societies, to factories, to farmers who do not themselves grow grain. Actually the wages paid in kind to the members of the collective are generally more than they need to feed themselves and their families, and this surplus also they may sell on the open market.

The collective farm does not supply its members with household goods except the food actually grown on the farm. The members also have a village consumers' co-operative society from which they buy other food, clothing, household goods and small luxuries. While things like bicycles, radio sets and fountain pens were

still scarce in Russia, one of the rewards of good work on the farm was a ticket enabling the member to buy a bicycle or pen next time a stock of them arrived at the co-operative society.

Russia is not the only country where there are collective farms. For a number of years past, since before the Russian Revolution, Jewish colonists have been settling in Palestine, the historic home of the Jewish race. Most of them were townsmen and men of some education from the cities of Europe, but they came to a country where there was little opening except for farmers, and so they settled on the land. But they had social, and to some extent religious ideals, unlike those of the ordinary peasant farmer, and many of them decided to live in communities and farm the land in common. Some of these communities were so communal that the member had no private property except his toothbrush. In others, members had at least their own clothes and personal possessions, though they often lived in community houses. Others were more like the Russian collectives. These Palestinian communities have been very successful and have lasted a long time. Their members came to quite unfamiliar work and often had to break in wild, uncultivated land, sometimes in the face of great natural difficulties such as the prevalence of malaria in the swamps they were trying to drain and cultivate. They were able to draw on certain sources of capital in the Jewish community in Europe and America, which was interested in the experiment, but they had no special encouragement from the State and were not able to fit their operations into a strictly regulated production plan such as exists in Russia and in some ways makes things easy for the collective farm. Nor were they made up of village families whose forefathers had lived close together for generations in a rather simple state. They were made up of highly developed individuals with all sorts of tastes and talents and opinions who had probably never seen each other.

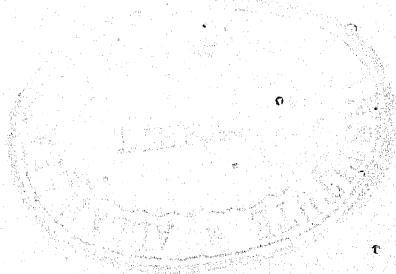
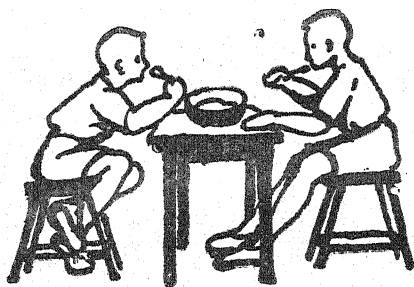


COLLECTIVE FARM, PALESTINE.

before and might not even have been born in the same country or spoken the same language before they entered the farm. The success of the Palestine collective farms is therefore something of great interest, though the circumstances were so different from those of ordinary farmers that it is dangerous to draw conclusions as to how the plan would work in other countries.

One more experiment in collective farming on a large scale should be mentioned. In Mexico until quite recently there were many large estates owned by the descendants of the Spanish conquerors, on which the work was done by labourers, often of Indian blood. During the last twenty years the State has been taking over the land from these great landowners, but instead of dividing it among the labourers in small individual holdings, it has turned it into community farms called "ejidos," which are in

many ways very similar to the Russian collectives. They are to some extent controlled and protected by the State, but they manage their own local affairs through meetings and committees, direct their own work and distribute the profits of their own labours. Here, too, the collective system is reported to be working out well, giving the members a fairer share in the undertaking than they would have had as labourers on a big estate and allowing for more modern and scientific methods of cultivation than would have been possible on a number of small holdings.





CHAPTER IX

CO-OPERATION IN COLONIAL COUNTRIES: CONCLUSION

IN the course of this book we have taken an aeroplane view of co-operation in all parts of the world and for almost every purpose. We have seen the co-operative loan and savings societies in their birthplace along the vine-covered banks of the Rhine and also in the hot plains of India, amid the rice and cotton and sugar cane; among civil servants in Malaya and in the factories and railway shops of America. We have seen the Danish and New Zealand dairy farmers alike taking their milk to co-operative creameries; the wheat of Canada and France moving into co-operative elevators; West African and West Indian cocoa being sold, if not fermented, on a co-operative system; the wines of France and the wines of South Africa coming equally from co-operative presses and maturing in co-operative cellars. We have seen how the consumers' co-operative society, which did so much to bring the English industrial worker out of poverty and dependence and to give him control over the spending of his own wages, was equally useful to the Finnish woodcutter and the Hungarian peasant; how co-operative industries flourished in conditions as different as those of Paris and the back areas of fighting China; how the Czechs pioneered co-operative electricity and the Serbians co-operative health; and how collective farming flourished equally on the great plains of Russia and among the stony hills of Palestine.

In all this experiment and activity, is it possible to pick out the special contribution of the Colonial countries? There are co-operative beginnings in many colonies, but

it is only candid to say that on the whole the Colonies have been followers in the co-operative field, not pioneers, and that development has been patchy, here a good effort, there a failure, here a territory with a fairly complete plan of co-operative undertakings, and there one which has never even made a beginning.

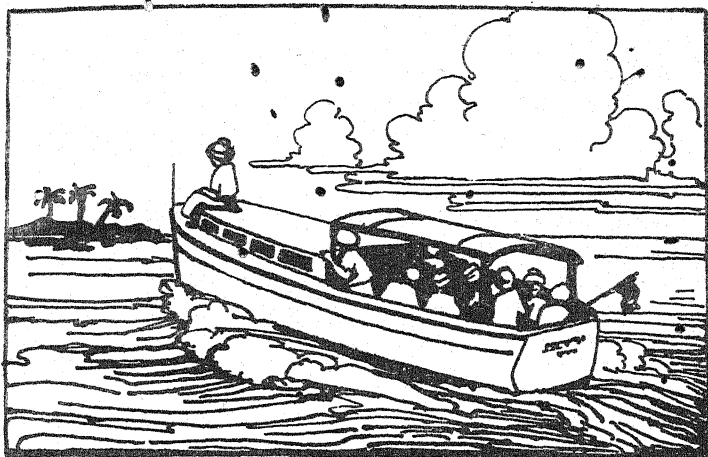
It may be worth running down the list and seeing just what has been done.

(a) *West Africa*.—A good deal of, cocoa marketing, mostly in the Gold Coast and Nigeria. Gold Coast societies grew quickly, with a great deal of Government supervision and not too much understanding by the members of what it was all about. Now they are being reorganised. Nigerian growth was slower, and it looks as though little reorganisation will be necessary. A few societies were formed to sell palm kernels or palm oil and there are some thrift and loan societies. A good beginning, but for a population of twenty millions—more than five times that of Denmark—it is a beginning only.

(b) *East Africa*.—A few marketing societies, mostly coffee; some co-operative laws and an attempt to educate people to make more use of the co-operative method, but everything held up by the war.

(c) *Ceylon*.—A movement of some forty years standing with a really sound and well-organised system of co-operative loan and savings societies, mostly for farmers, but also for salary earners; some marketing, but not very rapid progress here; some interesting special developments, like motor-boat services and societies for the mutual protection of crops against thieves; also some promising work on community health services. All this is the product of intelligent interest and hard work on the part of the people, helped by several able Registrars of Co-operative Societies with well-trained staffs.

(d) *Cyprus*.—An island only about one-seventh of the size of Ceylon and only half as thickly populated, but also



CO-OPERATIVE MOTOR FERRY, CEYLON.

with a good and well-established system of co-operative loan and savings banks, and with a number of other co-operative activities, such as the making and selling of wine, the purchase of fertilisers and seed potatoes, and even the management of land. During the war, when the food problems of Mediterranean countries were, for a time, very difficult, it was through the co-operative movement that the collection of grain and other foodstuffs was carried on, and a fair system of rationing established. Cyprus again owes much to the fact that it has for a number of years had a co-operative law and a Registrar and his staff to push the movement forward and assist the societies in their early difficulties.

(e) *Malaya*.—This again is a relatively old movement which has had the care of a Director of Co-operation. Thrift has been its strong point and societies have flourished not only among farmers but perhaps even more among salary earners and estate labourers. There has been

marketing, but it has been a beginning rather than a big achievement.

(f) *Palestine*.—A strong, many-sided movement among the Jewish inhabitants and settlers—co-operative loan and savings banks, consumers' stores, wine and citrus fruit marketing, transport societies, collective farms; all this with central organisations, central banks and special auditing unions undertaking supervision. Much of the inspiration and many of the ideas came with the settlers from the European countries where they were born. This is clear when it is noticed how comparatively small and undeveloped is the Arab co-operative movement in Palestine.

(g) *West Indies*.—One all-too-well-known failure in the large-scale co-operative marketing of bananas and some small and too-little-known successes in other lines such as cotton ginneries and citrus marketing. Some co-operative activity on the part of a society called Jamaica Welfare Limited, but as yet no real "movement." No general law and no director or registrar to stimulate and regulate co-operative progress in all the islands.

(h) *Mauritius*.—Some long established credit societies, but no recent development.

As far as British Colonies are concerned that about closes the list and it is not difficult to see the gaps and thin places where the seed has not fallen or has been eaten by birds. It is only fair to say that there are colonies belonging to other Empires—particularly the French and Netherlands—where co-operation is also practised. It tends to be much more state-controlled than in British Colonies. Sometimes membership is compulsory in loan banks, marketing societies or insurance groups. In any case the societies, though they have a co-operative form, are handling public money and are closely regulated by government officers. This is not to say that they have not done useful work, but they are perhaps less the peoples' own affair than in Europe or in British countries overseas.

The understanding that co-operation in the Colonies is a beginning only is coming to be fairly general, and many people are eager that more should be done. The first thing is to see that all colonies which have not a proper co-operative law should be provided with one. Without such a law co-operative societies and their members never know what are their real rights or responsibilities to one another, what rules and practices they should follow if they are to succeed, nor how they should act towards their customers, their creditors or the government itself.

With a good law goes a good Registrar or Director of Co-operation. There has been such an officer in almost every British country where co-operation has been a success. In England itself the consumers' co-operative movement owed an immense debt to wise and sympathetic Registrars, who fought the movement's legal battles, attended its conferences, encouraged the best methods and practices and gradually weeded out those which were seen to lead to difficulty or disaster. As the movement became strong and set up its own central organisations, the Registrar's duties became more a matter of routine. It is in the early stages that the Registrar and his staff are all-important and the best friends of every co-operative society.

With a law passed and a registrar appointed it becomes necessary to think of the type of co-operation most appropriate to each colony. First, what are its main needs? Are the people in debt? Do they find it difficult to buy food or clothes at reasonable prices? Have they a crop to market? Is their livestock poor in quality? Have they no modern farm implements? Is their health bad? Do they want roads or electric light or motor buses? According to whether the answer to these questions is Yes or No, and which question gets the loudest Yes, it is possible to decide what sort of co-operative society would be most welcomed and have the best chance of success.

Even when it has been decided what type of need can best be met by co-operative action, it remains to do something more than merely borrow a system which has succeeded in some other country where the crops, the climate, the way of life and the character of the people may have been quite different. It is necessary to observe carefully the way in which people live and work and deal with one another, and to be very clear just what are the differences between, say, a Danish dairy farm and a Nigerian cocoa plantation, before deciding how the grand idea of co-operation can best be understood and applied.

At the same time it is well always to keep clearly in view the reasons for doing all the hard work, taking the responsibilities and facing the possible disappointments of co-operative organisation.

First the purpose is to bring the colonial peoples into the modern economic world and to keep their advance in their own hands from the beginning, instead of allowing modern methods of production, marketing and banking to be imposed on them by outsiders. Secondly, it is to give them practice in managing their own affairs. The people of many European countries developed self-governing co-operative movements long before they had political self-government, and the experience so gained enabled them to take over the business of government without difficulty when the time came. Further, if the local control of an industry is everywhere firmly in the hands of the people who live by it, they will have no difficulty later in controlling that same industry nationally. This was what the Czechs and Norwegians found when they came to build their grain and milk monopolies on a co-operative foundation. In countries where there were no local co-operatives, such national monopolies had to be imposed and managed by the government.

Lastly, many colonies have their own traditions of community life. They are specialists in tropical agri-

culture, which is almost new ground to the co-operative movement. They may have valuable and unthought-of contributions to make to the co-operative theory and practice of the world. Co-operation for Africa and the other Colonial countries should not mean taking over something useful, but second-hand. It should mean using the methods of the modern world, in farming, banking and business, in a way which will express the special genius of Africa or the West Indies, Malaya or Palestine. The movement has already started. It is for the people of these countries to decide how fast and how far it will travel.



HOW TO START A CO-OPERATIVE SOCIETY: A PRACTICAL NOTE

If you want to start a co-operative society in your own district, think out carefully what you want it to do. To start with there should be one thing only—either to make loans, to own an oil press, to operate a lorry service or whatever is most needed. Discuss it thoroughly with your friends and find out if they are sufficiently keen about the project to be ready to give time and some money to making it a success. You must have at least ten people who are ready to become members of the new society, and it is probably better to know that fifty or a hundred are ready to join. They should, however, all live in the same district and be ready to do business with the society. You do not want mere sympathisers who live too far away to do anything more than take up a share.

When you have got to this stage, or even before, you should visit or write to the Registrar of Co-operative Societies for the Colony or one of his inspectors. If there is no Registrar for your Colony or if you are not sure whether there is one or not, you should consult your nearest District Officer or Agricultural Officer. As soon as he hears from you, the Registrar or one of his assistants will probably come and discuss the formation of the new society with you. He may ask you to call a meeting of the village so that he and you may see how much support you have got. He will certainly provide you with model rules and instructions and if you have enough supporters and the plan of work itself seems a sound one, he will be ready to register the new society.

Registration means the signature of a request for registration by ten or more members, the adoption of model rules and in most cases the payment of a small fee.

The rules will generally provide for the payment of shares by the members and those who afterwards become members. Often the share is not paid up in full—the member promises twenty shillings, but does not at first pay more than two. The rest he pays later or it is paid up for him out of his share in the profits of the society.

At an early stage a general meeting is held at which each member has one vote only and no one who is not a member may vote at all. This meeting elects a committee of management, chairman, treasurer and secretary. These are all volunteers and unpaid. If the society is big enough to want a business manager or a skilled worker, such as a dairy engineer, he is not elected but appointed by the committee and paid a salary. He does not become a member of the committee or decide the policy of the society.

The society is now ready to begin business. Do not on any account try to start business before the society is registered. That is the beginning of all sorts of trouble. Once the society is registered and has begun work, all records and especially accounts of money, must be carefully kept. The secretary must be able to read and write and do simple accounts. It would be better, though not absolutely necessary, if the other office-bearers could do the same, as they can then go over the records with the secretary and see that no mistakes are being made. The committee may meet once a month or once a week. The general meeting of members meets yearly to review all activities, elect a new committee or re-elect the old one. In the first year you will have several visits from the Registrar's inspectors, and their advice on all the details of running the society will be very valuable. Later, when the society is running smoothly, and every one knows his job, visits will be less frequent.

The points to keep in mind are that it is no use starting a co-operative society unless the work you want it to do is something really needed and desired by the people of your

district. It is no good attempting something quite impossible which can only be done on a very large scale or with huge capital or very highly trained people. It is not enough even to have a good object which would be within the power of reasonably sensible and capable people, if the people who are going to run it are not sensible and capable and will not take the trouble to understand the right way of doing things and learn from the experience and even the mistakes of all those who have run co-operative societies before them in other parts of the world.

A good object, an object which can be achieved by co-operative methods, and people willing to learn these methods—these are the foundations of a successful co-operative society.

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